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ADVANCED MANAGEMENT

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VOLUME XIX NO. 12

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Dr. George E. Kimball

How Pitney-Bowes Applies Work Measurement To Its Office
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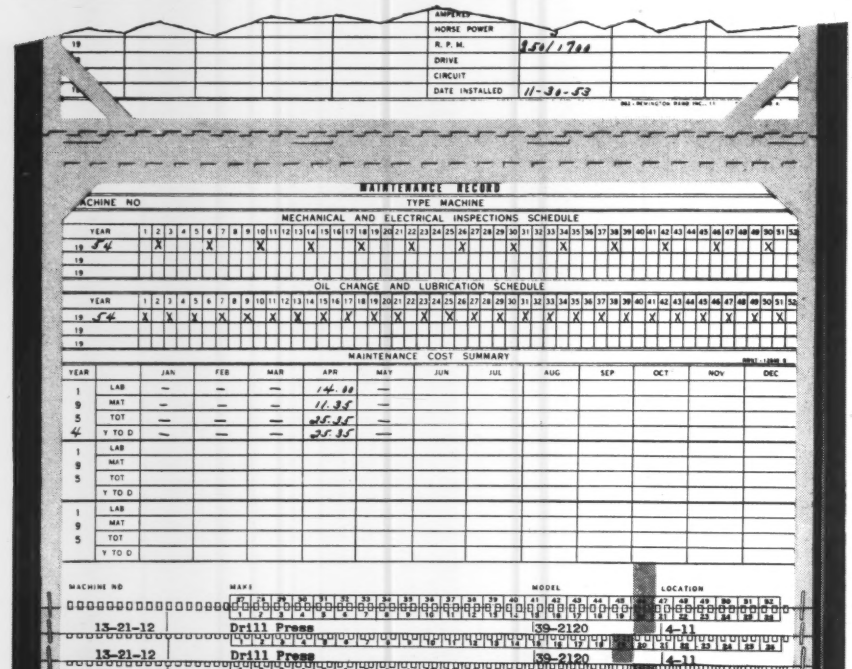

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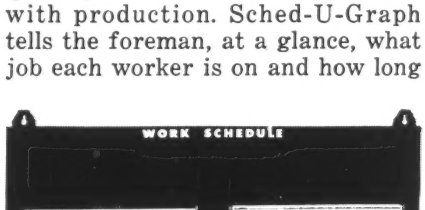

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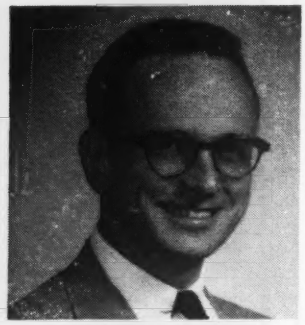

George B. Estes, President, SAM

Some Problems In Professional Society Functioning

MANY people, having no dispute whatsoever with either the existence or total number of professional societies, nevertheless stand aghast at the clusters of professional groups operating within the same narrow bands of professional interest; societies whose objectives parallel one another almost to identicalness. In plain truth, however, cause for alarm seems poorly founded here. True professionalism does not operate on a rivalry basis. True professionalism is eager to share, to assist, to supplement; nor is it averse to accepting proffered help in its efforts to serve the common good. Professional groups unable to develop this spirit soon die of inbreeding.

More important than similarity of objectives are the basic problems which must be anticipated by all professional societies whose membership is wholly voluntary; that is, not dictated by considerations of licensing or certification. These basic problems are so closely interwoven as to be almost indistinguishable. Similarly, each problem can incubate many sub-problems, any one of which might become as devastating as the original.

One problem is directly linked to consolidation of membership. Every professional society, regardless of its corporate objectives, must concern itself intimately with the needs and aspirations of the individual members without whom the society would not exist. This concern can easily be neglected in the stress of corporate planning and corporate action. The problem in essence is antithetical. On the one side, we ask a member to contribute his time and talents to furthering the ideals of the corporate body. On the other side, and simultaneously, we try to give him rich opportunities to develop himself professionally; to derive personal return on his time and fee; and to enjoy a continuing sense of self-fulfillment in virtue of belonging. The problem here is one of balance. It is an executive challenge of the first order. It calls for keen analysis of the individual member's interests, skills, needs and ambitions. It requires corporate action designed to serve as well as utilize the interests, skills and ambitions of as many individual members as possible. For want of a better name the problem might be identified as the Member Problem. It manifests itself chiefly in non-renewal of membership.

A second problem concerns the scope and quality of a society's contributions of skill and information to the field of its professional interest. The existence of this problem, as well as its degree of severity, is readily detected in the extent to which the public at large accepts the society as a voice of authority in its professional field. From the viewpoint of public reaction the problem exists when the society is poorly productive of programs, materials and activities beneficial to non-members as well as members; for example: seminars, conferences, publications, workshops, and professional participation in the solution of civic and institutional affairs. From the viewpoint of the society itself the problem seems to spring from an intraversive attitude which, possibly overemphasizing numerical membership at the expense of dynamic membership, fails proportionally to heighten the society's professional status in the public eye. The problem might be identified as the Prestige Problem—although many more implications are present than the label suggests. Incidence is reflected in slow growth of membership and in low frequency of press publicity.

A third problem relates jointly to organizational structure and communications within the organization. Most organizations communicate routine matters (dues, publications, membership files) through a salaried, headquarters staff. Although this arrangement is not immune to problems, it is seldom responsible for major problems. Severe difficulty, from the viewpoint of societal health and growth, stems from lack of professional exchange among the branches or chapters composing the total organization. The increasing practice of regionalization is proving extremely effective in solving this difficulty. Similarly, divisionalization of occupational interests holds promise as a means both of tightening communications and stimulating productive activity. The dual problem of organization and communications is never fully solved. Failure to control it, however, could lead to disintegration.

The fourth and final problem facing most professional societies is the continual need of sound, progressive and aggressive policy aimed at furthering the ideals of the society through active membership and expanded professional service. This responsibility falls primarily upon the officership. A professional society's eminence can rocket, and its membership increase by leaps and bounds, if the leadership year in and year out formulates action policy based on clearly perceived needs within the society's orbit of professional interests, and possesses the courage to grapple with those needs in a decisive, professional way. Any other approach creates the Inertia Problem, the problem by which an organization sets its course to extinction.

These four problems are a continuing challenge. They require constant vigilance, sound planning, strong initiative and some degree of imagination. To ignore any one problem immediately incurs all four.

George B. Estes

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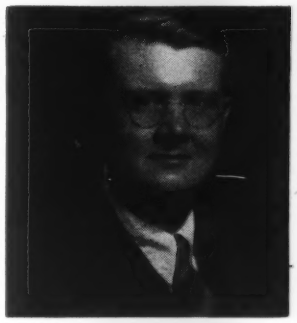


Decision Theory: Operations Research In Management

by Dr. George E. Kimball
Professor of Chemistry
Columbia University

Are you familiar with the more recent ideas on making business decisions? In this article, which was a speech given by the well-known co-author of the pioneering book on Operations Research at the January 1954 SAM Conference, Dr. Kimball presents the rudiments of a scientific approach to decision making. The article is presented here as the second of a series on Operations Research.

DECISION-MAKING, the primary task of business management, always consists of three parts: first, there is the process of discovering the possible lines of action among which a choice can be made; second, there is the analysis of the consequences of taking each possible line of action; and third, there is the decision proper, the choosing of the best line of action. In this paper I shall discuss the third step.

Kinds of Decision: The simplest kind of decision to make occurs when the first two steps are complete. The alternatives are clearly laid out, and the consequences of each line of action can be foreseen with no element of doubt. I should like to call such situations decisions of the first kind. They offer no particular difficulties at the third step. It is necessary only to arrange the lines of action in the order of the desirability of their consequences, and to choose the most desirable. Unfortunately such situations are rather rare.

More commonly the consequences of a particular line of action cannot be predicted exactly, but involve a certain element of chance. For example, suppose a company is deciding whether or not to buy a piece of specialized snow removal equipment. The outcome of the decision depends on the amount of snow which falls during the lifetime of the equipment. If there is little snow, the savings may not pay for the equipment. If there is much snow the savings may pay for the equipment several times over. I should like to call such situations decisions of the second kind. The classical theory of probability was designed to handle such decisions. If it is possible to assign numerical probabilities to the various chance elements which may arise, then from these probabilities there may be calculated for each line of action an "expected" outcome, and the rule is now to choose the line of action for which the "expected" outcome is best. While this rule does not guarantee to produce the best possible outcome in every case, it can be shown that no rule will do better in the long run than this one.

But this rule still does not cover all cases. Situations exist and are, in fact, common where consequences of particular actions are unpredictable, not because of a chance element but because of a completely unknown element which cannot be described by a probability. Such decisions I should like to call decisions of the third kind. Mathematical methods of handling such decisions have been developed only fairly recently, principally by von Neumann, and since the methods of handling decisions of the third kind will also handle decisions of the first and second kinds, I should like to concentrate on these new methods.

The Football Problem: As a very simple example of a decision of the third kind let us consider the following much simplified case. It is the first quarter of a football game, no score, and Team A has first down in midfield. What play should the quarterback of Team A call for? To keep the case simple let us suppose that the only alternatives are a line buck and a forward pass. Now the unknown element in this situation is the way Team B will defend. Again we simplify by supposing that Team B will use either a "close" defense designed to stop line bucks, or a "deep" defense designed to stop passes. We suppose that the experience of the quarterback has determined the expected gain of each offensive play against such defensive formation. These are shown in Table I. *(See next page.)*

Table I

EXPECTED GAIN IN YARDS

		Offense	
		Buck	Pass
Defense	Close	0	20
	Deep	10	0

It is easily shown that in the ordinary sense there is no best decision for either side. For suppose there was some logical argument which would lead to the choice of a buck or a pass in this situation. Whichever the outcome was, the same argument could equally well be used by the defense, and the defense would choose the formation which would stop the play. Hence the offense could not gain. On the other hand, if there was such an argument leading to a choice of defensive formation, the offense could use the argument to pick the play which is sure to gain. This contradiction shows that there is no such logical argument for the choice of a single play or defensive formation.

What sort of decision should be made? The answer is that the quarterback should make a "mixed" decision. At the various times this situation arises he should sometimes call it one way, sometimes another. Consistency is no virtue here. Only by concealing its intentions can team A gain. But there is still a question open: granted that the two choices should be mixed, what are the right proportions in the mixture? Should the pass be called for half the time, or more than half the time, or less?

Finding The Best Strategy

In this simple case, a graphical method can be used to find the best mixture. In Figure I is shown a plot of gain against the fraction of passes used. Against the close defense the gain increases, with the fraction of passes used, for 0 to 20 yards. Against the deep defense, the gain decreases from 10 yards to 0 as the fraction of passes increases. The two curves cross when the fraction of passes is ⅓. If the offense uses more than ⅓ passes, the defense will use the deep formation on every play, while if the offense uses less than ⅓ passes, the defense will always use the close formation. In either case the offense will gain less than it could by using exactly ⅓ passes, which will produce an expected gain of 6⅔ yards against either defense.

If we examine the defensive choice in the same way, we find that the best defense is a mixture of ⅔ deep formation and ⅓ close formation. This mixture holds the gain of either offensive play to 6⅔ yards. Hence there can be no offensive strategy which will produce more than the one we have already found.

The General Case: In general there will be a set of lines of action between which a choice is to be made, and a set of possible circumstances which these actions may meet. Some of these circumstances may be governed by chance, and have known probabilities. The rest may be completely unknown and beyond our control. We can now make a table like Table I, with a column for each line of action and a row for each circumstance with unknown probability. We fill out the body of the table with the value of the outcome or, if there are chance elements, the expected outcome of the line of action in the given circumstance.

At this point we can assign a value to any "mixed strategy" in the following way. We first find the value of the mixed strategy in each circumstance by multiplying the values in the corresponding row by the fractions of the time the various lines of action are used, and adding the products. We then take the pessimistic attitude that the worst circumstance will happen and choose for the value of the mixed strategy the least of the values we have obtained. Then, no matter what happens the mixed strategy will be worth at least this much.

Finally, we compare all the possible mixed strategies and select the one whose value is greatest. In other words, we make the worst that can happen as good as possible. It should be noted here that the final solution may be a "pure" strategy; that is, there may be one best line of action to take.

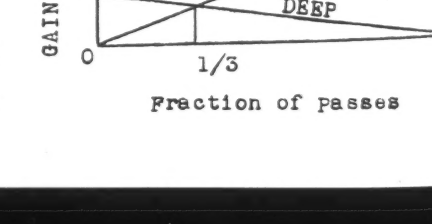
Relationship to Linear Programming: To make this process practical, even when the number of possible lines of action and uncontrolled circumstances is large, a well-organized computing technique is essential. Fortunately the general process which has just been described can be converted into a problem of maximizing a linear function of a number of variables subject to linear inequalities, and for such problems the methods of linear programming are available. This means that with electronic computing equipment such problems can be solved with considerable speed, and even with ordinary computing machines, solutions can be obtained without too much labor.

The linear programming attack, however, is applicable only when the number of lines of action is finite. Frequently there are an infinite number of possibilities, as, for example, when some continuous variable must be fixed by the decision. So far no general method of handling these cases has been developed but there are special techniques which can be used in special cases. The following rather simple case is a typical sample.

The Duel Problem: Suppose two duellists agree to fight a duel under the following conditions. Each has a pistol containing a single bullet. They start at a distance apart greater than pistol range and are required to walk toward each other until they meet. Each may shoot when he pleases. The decision each must make is: When should I shoot? This is a decision of the third kind because the answer depends on when the other duellist is going to shoot. Moreover there are an infinite number of possible choices of the distance at which to shoot. I shall not go through the details of the solution here, but the answer is relatively simple. At every range there is a definite probability that each duellist will hit the other if he shoots. The best strategy is for either duellist to hold his fire until the sum of these two probabilities is one and to shoot there unless the other has shot and missed, in which case he should wait and shoot at point blank range.

The Nature of the Solution: One important feature of the solution to these problems is illustrated by the football example. The solution we found there for the offensive quarterback was to pass ⅓ of the time, and to buck the line ⅔ of the time. Clearly this would not be the best solution if the defense

Figure 1



always used the close formation. In such a case it would be better to pass all the time. The difficulty here arises from the fact that in getting our solution we assumed that the defense would choose its best line of action, and the solution we found is the best solution against perfect defense. Against an imperfect defense there is a better strategy. This may seem to be a paradox, but like most paradoxes it disappears on close examination. There is no way of taking advantage of an imperfect defense except by having and using knowledge of the way in which the defense is imperfect. If the defensive strategy is known (even if it is a mixed strategy) Table I no longer applies for it was constructed to handle the situation in which the defensive strategy was unknown. Table I should be replaced by a new table which has only a single row, corresponding to the known defense. The general method applied to the new table will now give the correct answer.

A similar situation may arise in the duel problem. Suppose we have found the "correct" firing range to be 100 yards. If the first duellist discovers somehow that the second duellist plans to fire at 80 yards, the situation is changed and the best strategy for the first duellist is not to fire at 100 yards, but at 81 yards.

The point of this discussion is that while this method enables problems to be solved in which some elements are completely unknown, this does not imply that available information should be thrown away. If a decision of the third kind can be converted into one of the second or first kind by getting more information, then one will ordinarily find a better solution in the sense that the chosen line of action will have a higher value.

Allowing For Unknown Circumstances

It must be granted that in those cases where the circumstances which will meet the possible lines of action are really unknown, the decision theory outlined here is somewhat pessimistic in its assumption that the worst will happen. This will lead to undue conservatism if circumstances are included which are not actually likely to occur. But if the table of values is carefully constructed the conservatism which results from this theory is well justified, and departing from it will result in the taking of unnecessary risks.

Business Applications: The decision theory discussed here applies particularly well to business problems with a competitive element. The future tactics of one's competitors are almost always "unknown circumstances." The effectiveness of an advertising campaign, for example, depends not only on the kind and amount of advertising used, but also on the kind and amount of advertising done by the competition. The various decisions on advertising budgets, concerning the amount and kind of advertising, are therefore decisions of the third kind. To solve them on the assumption that one's competitors will continue their present practices in therefore unsound, and lays one open to serious difficulties if there is a sudden shift in a competitor's policies. This method, on the other hand, will provide protection against any such shift.

Use Of Decision Theory When Probability Is Unknown

A similar situation comes up in regard to such matters as setting prices and product quality. Outcomes of such decisions again contain certain unknown elements, and correct answers can be found only by the use of decision theory.

On a straight probability basis buying fire insurance is not a good decision for the premiums are always greater than the expected losses (how else could an insurance company stay in business). However, if the decision is looked at as a decision of the third kind it is usually found that buying insurance is the best decision, although there are exceptions.

Problems involving spare machines as a protection against breakdowns are well attacked by this method. So are many other problems in planning factory production. The unknown circumstances here are not so much the actions of competitors as the normal hazards of factory operations: machine breakdowns, interruptions of power and other consequences of bad weather, strikes, and so on. When dealing with those events which occur frequently, probabilities can often be estimated, and the decision reduced to the second kind. It should be emphasized that this should be done whenever possible. But many circumstances occur so infrequently that probabilities cannot be found, and decision theory is the only available technique of solving those cases. END

How Industry Is Using SAM Rating Films . . .

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- Explain philosophy of time study technique
- Help company make its own films

W. GILBERT BROOKS, Chief Time Study Engineer of Pitney-Bowes, joined that company in 1936 as a drill press operator, completed apprentice training as a machinist. He transferred to the Methods Department as an estimator in 1941, was appointed to his present post in 1943. He served as a civilian industrial engineer with the Navy Department's Industrial Survey Division during the Korean War. Mr. Brooks is a past president of the Stamford Chapter of SAM, a member of the Arbitrators Panel of the American Arbitration Association, the New England Industrial Engineering Council, and the American Society for Engineering Education.

How Pitney-Bowes Applies Work Measurement To Its Office

by W. Gilbert Brooks
Chief Time Study Engineer
Pitney-Bowes, Inc.

Measuring output, taking time studies and applying incentive rates is commonplace in factories, but try to do these things in an office and you'll find it is like letting a bull loose in a china shop. This case history of how Pitney-Bowes successfully solved this delicate problem is a tribute to an enlightened management.

THIS subject of measuring office operations is extremely fascinating, particularly since we are all handling more and more paper work each year. We probably use more tons of paper in our office buildings every year than we use in steel to build them!

There has recently been a great deal of interest created by the word "Automation." It conjures up a picture of entire plants grinding out finished products without a single operator, but behind this picture I see thousands of office workers laboring each day to fill out, type, analyze, chart and prepare all of the necessary paper work to keep this hungry giant going. If this, then, is the shadow of things to come, now is the time to begin to explore and plan for getting the utmost efficiency from our office workers.

One of the most effective means we have found for increasing industrial workers' efficiency has been to measure the work being performed, establish standards for output and pay for increased productivity above these standards. Since our experience has taught us that this approach is sound and does work, we are in a position to do the same thing for our office workers.

Since we at Pitney-Bowes have had some experience in measuring office operations for incentives, I hope that this report of our program may help you to realize the potential value of a similar program in your own company.

Our office incentive program was conceived in the late months of 1948 when it was decided to extend the benefits of incentives we had experienced in our plant to the office employees. In reaching this decision we recognized that many groups of office workers could not be directly measured. However, we felt that the gains to be made by setting incentive rates for those whose work could be measured would benefit all employees through the increased profits available for our company profit-sharing plan.

One of the first problems to be faced was how it would be possible for the Industrial Engineering Department, which is a staff department in the Manufacturing Division, to cross company divisional lines. This was solved by reorganizing the Industrial Engineering Department and setting up a Supervisor of Office Incentives with a small staff and assigning him to work with the Administrative Assistant to the Executive Vice President.

We then defined the scope of the office incentive program as "installing an incentive plan based on direct measured standards developed from Standard Data wherever practical, carrying out at the same time methods improvement and standardization."

We also established the following criteria for determining which office activities would be put on incentives. First, there should be a fairly large homogeneous office group; second, the work performed should be fairly repetitive and routine; and third, the group should have a supervisor receptive to the idea of incentives. In the light of what we have since learned I feel we would now list our third point as the most important. I'll have more to say on this later on.

The question of what technique to use in obtaining our incentive rates was quickly resolved because we had just completed a program of establishing standard data for our manufacturing incentives and we decided to use this meth-

A speech given by Mr. Brooks at the 3rd Annual International Methods-Time-Measurement Conference sponsored by the MTM Association For Standards And Research.

od on our office program. Briefly, what we did was to plan on taking a large number of time studies, properly broken down, and plot our leveled element time values. The standard time was then established using the mode method of selection.

This left us then with one big problem still unsolved, and, in all honesty, it was probably the toughest we faced. We knew that the question of recording time on the jobs being worked and obtaining correct piece counts to match these times could easily prove to be a big stumbling block to the success of our program. We also were well-aware that failure to devise a timekeeping procedure that would provide proper controls without being cumbersome, hard to administer, or costly to operate could easily sour supervision on the entire program.

Getting Piece Count And Job Time Delicate Problems

We sweated long and hard over this and began by tackling the piece count problem first. We finally decided to use the following procedure: For all typed material, an extra copy would be made for timekeeping purposes only. Piece counts would be taken from material received in a standard package from a supplier. Hand counting of the first phase would be used where a series of jobs involved the same material for one or more operators. Weight counts would be taken where completed work could be weighed to give the final count. Automatic counters attached to such office machines as the multilith, mailing machines, tying machines, etc., would be utilized to obtain accurate piece counts.

With the question of how and what to count settled, we then turned our attention to the problem of getting the correct job times to match the correct piece count. We were conscious of the office employee's general feeling that time clocks and job time recorders smacked of the restrictions placed on plant workers. We were certain that there would be a loud protest if we tried to get our office employees to punch clocks, and, because we have always operated on an honor system for recording daily starting and stopping times, we established our timekeeping system on the same basis. In reviewing the success we have had so far, I'm sure that this decision played a big part in helping us gain the employee's confidence. Office employees are aware that our system recognizes their inherent honesty and they take a great deal of pride in seeing that the system is not abused. It also helped us sell our incentive plan because of this basic difference between office and shop employees. Not that we distrust our plant employees but they have been accustomed to punching time clocks for a long time, their actual production records are tied in with time clocks, and therefore the requirement of clocking jobs on job time recorders is easily understood by them.

We designed a daily performance sheet based on easy computation and quick recording. The form has a space at the top for the operator's name and date. The remainder of the sheet is divided into six columns, the first three recorded by the operator and the last three by the timekeeper. Space is provided for the operator to enter a description of the job and the start and stop times. If the job has a rate, it is assigned a number similar to the normal part numbering system used in production work. If the job is not rated, a brief description of the job is written down in the second column. The piece counts are recorded in the third column.

We have found that a small percentage of jobs in each section defy our rate setting techniques, usually because of an unpredictable method or the impossibility of securing an accurate piece count.

New jobs, when added to the operator's work load, are not immediately rated, in order to allow the operator to become familiar with the procedure and job content.

How We Measure Percentage Of Efficiency

Our daily performance form serves as an accounting for every minute of the working day. We have noted that operators themselves have not always realized the amount of time that has been wasted until they start recording their every move during the day. I believe that we have had some increase in efficiency for this very reason.

The timekeeper's job consists of taking the operator's daily performance form, figuring the elapsed time on each job and posting the time to the appropriate rated or unrated column. The rated jobs are extended by multiplying the piece count by the rate and entering the standard minutes earned on the form.

After the form is extended, each column is added and a total taken to check the amount of working time against the amount of "in-office" time. The total elapsed measured time is then divided into the total standard minutes earned to determine the percent of efficiency. If the total elapsed measured time equals or exceeds the total standard minutes earned, the percentage of efficiency equals 100% or less, and no bonus is earned. If the total elapsed measured time is less than the total standard minutes earned, the efficiency exceeds 100%, and bonus is earned.

Psychological Problems Of Installing Office Incentives

Bonus is only earned on the time worked at a rate when efficiency exceeds 100%. We do not have any penalty for continued "below standard" performance, but this might well lead to a transfer to another department where the operator would be better able to perform the work. All time not worked against the rates is paid for at the individual's base rate.

Once we had the mass of preliminary details worked out, we began exploratory talks with department heads in other divisions, and found one department head who was extremely interested in incentives, in fact so much so that he had already devised a work-measurement system to measure productivity in his own department. He was very willing to have us help him by setting up an incentive plan. The work in this department consisted of transcribing, duplicating, addressograph, mail handling and mail distribution. Together we decided to tackle the transcribing section first.

This first installation proved to be the most important we have made. I consider it so because of the many things that we were able to learn about office incentives. In looking back I can safely say that one of the most important lessons learned was that there are four psychological problems which must be solved before any office incentive program can be successful. These four psychological problems are:

1. Fear of the unknown due to changes in work methods and the alteration of work routines
2. Resemblance to factory work, with its resultant loss of white collar "prestige"
3. Lack of sufficient motivation for earning higher pay
4. Objection to being watched

Our solution of these four problems required a great deal of time and effort; but, as we later proved, it was well worth while.

We had carefully selected the time study personnel making the installation and our approach to solving the first problem of fear was to take the mystery out of what we were doing. We spent hours talking to operators, showing them how we took time studies, how we plotted our element times and how we arrived at our standard elemental time values from all our readings. We showed the employee how methods changes and alteration of work routines would make their work easier and we consistently tried to sell them on giving the incentive program a good try. Once the fear was removed, changes were made more rapidly and without resistance, more cooperation was obtained while taking time studies.

Developing Interest To Earn Incentive Rates

We found two solutions for the objection to office work being made comparable to factory work. One of these I have already mentioned—allowing employees to record their own start and stop times. This provided enough stimulation of pride so that it helped overcome the objection. The other solution was the selling of the idea that for the first time management had a true gauge for measuring just how efficient each employee was. It was very interesting to note that most office workers resent not being able to prove conclusively that they are good workers. The incentive plan provides the needed measuring stick.

The third problem—lack of sufficient motivation for earning higher pay—proved to be a real stumbling block. The transcribing section consists mostly of young single girls to whom the incentive of extra money did not prove stimulating enough at first. This group eventually realized, however, that substantial earnings could be made on the incentive rates. I rather suspect that one of the girls found herself needing a new dress between paychecks and decided to go to work.

In any case, we learned one big lesson which caused us to deviate from our planned program in order to get other new sections up to standard faster. We found in the first group, and in all other groups since, that their performances under the non-incentive environment were about 65% of standard. Since our standards as developed payed incentive earnings for performance above 100%, the expected initial increase in productivity came as a great shock to the employees. So much so that many never even tried to improve, feeling that the standard was impossible of attainment.

Our ultimate solution to this was to establish an allowance which cushioned the affect of new incentive rates. We did this by setting up a "break-in allowance." This starts by adding 25 percent to the standard for the first period and decreasing this amount by 5 percent each period thereafter until, at the end of the fifth period, the employees are working on the rates without any extra allowance. The length of each period depends upon the experience factor contained in the job evaluation write up. If one month or less each period is one week; if three to six months, then each period is one month.

This might appear as if we were making a sort of apology for asking the employees to work much harder but we don't feel that way. We have found that the "break-in allowance" provides a sufficient incentive to allow the employees to get up to standard by a gradual climb. We firmly believe that this solution has enabled us to increase productivity at a much faster rate than would have been possible without the allowance.

Excellent Results Obtained By These Methods

The fourth problem—that is, the objection to being watched—melted away after the group became accustomed to seeing a time study representative around the section. I would say that this was due primarily to the careful selection of our time study personnel and to the great effort made in explaining and selling the fairness of the system.

The methods we used to solve our problems have proven to be very effective and since we developed our solutions as we went along it might be of interest to you to know just what results we have obtained. I have consistently mentioned our first installation, the transcribing section, so I think it would only be fair to tell you what has been saved through this installation alone.

The transcribing section originally consisted of 15 employees. Their work amounted to transcribing dictation from cylinder records and was, in a sense, a sort of stenographic pool. Now, five years after the installation of incentives, the work load has been increased by 30% and the personnel reduced to eleven. The net dollar savings after deducting the cost of installation, maintenance, timekeeping, and incentive earnings, amounts to $30,000 per year. Individual productivity is up 45%, and the average weekly earnings of the young ladies themselves have increased 34%, not including their normal pay raises and general salary increases. That's a fine well-earned increase!

Incentive Plans Cover Wide Scope of Work

At the present time we have a total of 115 office employees working on direct incentives at our Stamford, Connecticut home office and factory. They represent 25% of the total of 450 office employees. The following will give you and idea of what type of work we are measuring with our incentive plan.

In the Order and Traffic Department there is typing, calculation and preparation of order forms and filing.

In the Duplicating Section there is typing and preparation of forms to be duplicated. Printing of forms on Multilith, Ditto and Xerox machines. Collating, stapling, binding and padding operations.

In the Addressograph Section there is the maintainance and running of lists for various purposes.

In the Mail Section we have covered sorting, distributing and delivering incoming and outgoing mail. Also running the inserting, folding, letter opening and, of course, our own postage meter machines.

In the Payroll Department we have covered the complete process of computing and preparing payroll for facory, home office and branch offices and the keeping of records pertaining to payroll accounts. Also the computation of bonuses and salesmen's commissions.

In the Field Consignment Section there is the maintenance of records indicating location by serial number of all machines and meters in branch offices and in service.

In the Distributing Section we cover those who receive, open and sort customer's checks for forwarding to Accounts Receivable. Also those who receive invoices from Billing and

separate, prepare tapes and forward various copies.

In Accounts Receivable we serve those using the Remington Rand "Bookless Bookkeeping" system of Accounts Receivable, and those receiving open invoices, setting up new accounts, application of payments, sending of statements, auditing for collection and the taking of periodic trial balances.

In the Billing Section we serve those typing of invoices not prepared by Tabulating.

In the Sales Records Section we serve those typing quota and commission statements, and cover the use of bookkeeping machines to analyze and tabulate sales.

In the Branch Accounts Section there is auditing, checking, summarizing, and preparing statements relative to financial operations of branch offices.

And even in the Advertising Department we have put direct incentive on the typing of advertising leads and the filling of requests from prospects for sales literature.

The annual savings from all of our office incentive installations now amounts to $118,500 after deducting the cost of installation, maintenance, timekeeping and incentive earnings. We think this figure speaks for itself when anyone asks if office incentives ever save any money.

Case Study Of The Advertising Department

I would like to give you a quick "case study" of what happened in our Advertising Department in order to show how much can be done when there is a real incentive-minded supervisor involved. When we were asked to come into the Advertising Department to set up a plan for their Sales Promotion Section they were in the midst of eliminating a sales-checking operation which took the equivalent full time of two of the six girls employed in routine operations. They were also releasing a temporary employee employed to help handle a peak work load then being completed.

Since the section was in the process of adding another job equivalent to the time of a full-time girl (actually bringing back some work that had been "farmed out" to a letter shop), the total personnel which the supervisor figured he needed to handle the new work load was five.

With his excellent cooperation we installed the rates and in only a few weeks one of the girls left the company for family reasons and did not need to be replaced, while it never became necessary to add a girl to take care of the additional work load brought back in. In other words, the estimated minimum personnel of five girls, under the impetus of the new incentive rates, had been reduced to three. The girls' productivity, or output per man hour, has increased greatly, while their effort expended has increased only slightly, and the average weekly earnings of the remaining three girls is now 20.4% over what they had been earning before the incentive system was installed.

MTM Versus Standard Data—Or Both

I elaborate a bit on this particular installation because it points out how everybody benefits, particularly the alert supervisor who is willing to take advantage of modern office incentive tools, and thus quickly prove his own ability as an intelligent and human supervisor.

Up to this point I have tried to show you the types of problems we faced because I know they are the same problems anyone would face in establishing an office incentive program. I hope that our solutions may prove helpful to anyone else facing these same problems.

We do not use MTM in our incentive program. However, this is not because we disagree with MTM. In looking back to the beginnings of our incentive program we chose the standard data method primarily because our staff was well trained in this method. If we had been well trained in the use of MTM we would probably have used that method.

We have, however, made use of MTM for spot checking some of our standard elemental time both in the office and in the shop, just to be sure that we were not going in the wrong direction. The overall results of those checks have proven to be quite revealing. We have been able to consistently find a close correlation between our standard data times and those arrived at through MTM.

In reviewing our office incentive plan, with the idea of pointing out what other people about to start on such a program might expect, I find several important points.

Whether to use MTM or Standard Data to develop these standards is a question which decides itself, in my mind, on how well your time study personnel is trained in either method. Actually I think the MTM and Standard Data will both be required to some degree since so many of the office operations involve a certain amount of machine time.

I also believe that time study personnel accustomed to job shop production problems will find it easier to set up an office incentive program.

I cannot stress enough the need for carefully selecting your time study personnel. These people must be the most patient and tactful you can find. Remember, the field of office incentives is still relatively new and few people are familiar with incentive rates, standard hours, etc. They need to be nursed along and educated to understand this strange new language.

In concluding, let me plug hard for the whole field of office incentives. I make no claim to being an expert on this subject, but I do know from this very real experience that office incentives can and do work well.

The application of office incentives provides a chance for us to make available to the white collar worker the same advantages the industrial worker has, namely, to increase earnings by increasing productivity, to have some fair and inspiring measurement of his individual worth on the job.

Office incentive plans are one phase of the job we face. Hand in hand must go office methods improvement, increased mechanization of office paper work activities, and the development of good sound human relations programs for the office worker.

We are standing at the threshold of a great opportunity. For the industrial engineer it represents the "coming of age" which is the normal outgrowth of his success in the industrial worker field. It represents an opportunity for some new and original thinking on his part.

The challenge is given and the results and rewards will be won by accepting the challenge and further extending the contribution of the industrial engineer to the American way of living.

Success or failure? Most of it depends on you.

END

MOVING?

Don't forget to send us your new address.

HAROLD P. ZELKO took leaves of absence from his job as Professor of Public Speaking at Pennsylvania State University to serve as Director of Training at the Internal Revenue Service (1952-53), Office of Price Stabilization (Jan. to Sept. 1951), Assistant Director of Training for the U. S. Army Corps of Engineers, Ohio River Division (May 1944—July 1947). Mr. Zelko was a practising attorney in Ohio in 1933-36, has authored numerous articles and given talks on speech and conference training, supervisory training, communications, selling and persuasion, human relations and other management areas

Conference Management: Beware Of The Gimmicks

by Harold P. Zelko
Professor of Public Speaking
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Conferences are widely accepted as a basic management technique and their great value has alerted management to search for improvements. This intense interest, unfortunately, has led to the indiscriminate application of techniques that were designed to handle only special conference situations. A successful conference, this article warns, does not come from a gimmick but from a skilled application of basic principles.

THE conference has truly come of age as part of business management for it is the basic medium for solving problems, determining policy, transmitting information, and accomplishing communications objectives. For the executive or supervisor it is as integral a part of his tools for carrying out his responsibilities as are production schedules, materials and men. And outside the realm of business and industry people gather in an endless variety of discussion situations to pool their ideas and judgments on affairs of the day.

There are many able texts, articles, and training materials available for the would-be conference leader or student who wishes to develop his ability in this field. In addition, much valuable research has been done, particularly in the past ten years, to shed light on problems of group management. Scholars in many professional fields cross interests in this vast problem of group behaviour which includes the fields of speech, psychology, social psychology, sociology, education, general semantics, management, personnel administration, training, industrial relations, and others.

It was inevitable in this search among so many fields of interest to find the best means for the management of conferences that there should spring up numerous suggestions in the form of "panaceas" which would, by some magic touch, make the perfect conference. Some of these are sound if they are kept within the purview and purpose of their original sponsors, but they frequently appear to be, either by their fundamental nature or by distortion or overuse, gimmicks that may do more harm than good. In fact, the use of gimmicks has become so popular that sound principles of conference leadership are neglected in their favor, and there is a trend to dramatize these gimmicks even in conference training courses. There is real danger in this trend which I should like to analyse while maintaining the premise that *there is no magic formula for the management of successful conferences* except the expert use of the principles and tools of conference leadership as we have known them and as they can be refined and improved.

Among the many "new" methods that have been proposed for improving the conduct of conferences and meetings I would like to analyse the following:

1. Procedure for "Coercing" Agreements.
2. The "Pass" Method.
3. The "Incident" Method.
4. Phillips "66".
5. "Leaderless" Discussion.

The quotation marks in the list are my own, but the authors of these procedures, in at least the first two methods cited, showed the same quotation marks in their titles, which would indicate some problem of groping for standard terminology.

Procedure for "Coercing" Agreement. This procedure is the latest of the "new" methods for conference management to come to my attention, and is very interestingly explained by Irving Lee in *Harvard Business Review*, January-February 1954. Mr. Lee, well known for his outstanding work and writing in the field of general semantics, came upon this procedure while serving as consultant to a company official who was having trouble with his meetings.

As the title of Mr. Lee's article implies, the procedure suggested is one that is intended to force or "coerce" a group into agreement. The company official was having trouble getting his group to move out of the argumentative situations in

which they found themselves on controversial issues in their meetings. After a certain amount of time, members of the group would steadfastly maintain their individual positions and refuse to conciliate their disagreements. An *impasse* would develop, at which point the leader seemed helpless to resolve the discussion in favor of a consensus in the group.

The procedure for "coercing" agreement was suggested as follows: When such an *impasse* developed the leader was to declare a period wherein no member could argue or be the proponent of a point of view after the original proponent stated his position. Anyone in opposition who wished to speak could raise only questions for clarification or seek information. There are certain somewhat precise instructions given as to just what kind of information may be sought. This period is known as the Chairman's Privilege and is announced by the chairman as a Question of Privilege for the group. Note that terminology of parliamentary procedure, with some variations, comes into use. One of the essential aspects of the procedure is that *it is invoked at the will of the chairman* when, in his judgment, the *impasse* has been reached.

Essence Of The Discussion Process

The values of this procedure are pointed out to be that:

1. It saves time in that it stops argument, debate, and exhange of opinion.
2. It saves feelings of group members.

The author explains these and other values rather fully and well.

If these values are accomplished, it is at the expense of a number of others and with the accompaniment of new evils that make the procedure highly doubtful as a recommended one to this writer. I should like to discuss some of the reasons for his conclusion.

1. *The procedure stems from a position of defeatism, both on the part of the leader and for the discussion process itself.* The essence of the discussion process is problem-solving, which surely implies exchanging points of view, suggesting a variety of solutions, and gradually resolving controversy. One of the major requirements of leadership is to recognize this and to manage, through patience and use of basic principles of leadership, the group through the "solution" phase of the conference until either consensus is reached or further investigation and future meetings are called for. It is also rather basically accepted that the conference method has never been a time-saving method. It is a method that must be used with time as a luxury that must be consumed in order to allow group participation and group contributions to bring about better solutions and decisions. To give the leader the privilege of arbitrarily stopping the exchange of points of view is to strike at the heart of the free discussion process. This leads to our next objection.

Dangers Of Complete Control By Leader

2. *The procedure gives authoritarian control to the leader.* As this writer understands the procedure, the leader or chairman invokes it when *he* thinks the impasse has developed. It is *his* discretion and judgment that determines this. The group has no say in the matter and does not "debate" whether or not it would be well to use the procedure at a given time. Now there are certain phases in a conference, as well as certain types of conferences, where leader control needs to be exercised more sharply. But it would appear somewhat authoritarian to allow this much power in a leader who may thus arbitrarily determine that there has been enough free discussion. This is somewhat more severe than the normal tools of suggestion, humor, questions, summaries and transitions, and others that are available. It is also much more severe, in terms of leader control of a group, than the rules of parliamentary procedure, normally not used in a conference, which place the power in the group to determine to what extent its own power of discussion should be curtailed.

3. *By the procedure, disagreements and points of view are held inside the participants.* This poses a basic problem of group satisfaction or dissatisfaction with the final outcome when they have been forced to keep "differences" to themselves. It is generally recognized that one of the best ways to get a feeling of wholesome catharsis within a group is to insure an atmosphere of freedom of expression. Failure to do this is likely to result in a great many frustrated group members who have perhaps been unable to present their points of view up to the time the leader invokes the procedure and are now estopped to do it. Another basic fault of forcing or "coercing" members only to ask questions and withhold opinion is the effect of this on the final outcome as pointed out in our next objection.

4. *The best decision may not be reached if all opinions are not expressed.* Another way of saying this is is that the democratic process is based on the full hearing of the minority and of all who wish to be heard. It is fundamental to the enactment of legislation, for example, that the "opposition" be allowed to present its case fully so that the benefit of all views can be incorporated in the bill adopted. By not doing this, the group is likely to adopt the proposal on the floor at the time the procedure is invoked without ever having a better and more workable proposal come to light.

5. *The rules of the procedure are somewhat complex and are likely to create an atmosphere of "group mechanics" rather than of discussion.* The author of the procedure points out that it is necessary to "train" the group in the procedure before it can be used and recommends that a period of instruction in the rules be held. In the original company, he suggests that it was not until it was invoked a fourth time by the leader that the group "understood what was involved." This could result in a condition of rule involvement that could easily overshadow the discussion itself and could bring about the "not being able to see the forest for the trees" condition.

Reducing And Avoiding Impasses

In this connection it might be pointed out that this is one of the very reasons why parliamentary procedure is normally not recommended in running conferences. Its use tends to focus attention on procedural matters and problems to too great an extent while it also tends to impinge on completely free and unhampered discussion which the conference should have.

In summarizing an analysis of this procedure I should like to point out that I would not want the above principles to be interpreted as seeking unrealistic goals in a conference. I know that we cannot always have completely free discussion, and that the leader frequently has to exert strong control. Yet, when we establish our principles for good

conference leadership we do aim at the "ideal" conference and any new principle should be subjected to this test. Mr. Lee tries coerced agreement to overcome the impasse. A better answer, however, is the gradual training of both group leaders and participants in how to lead and participate in conference discussion. In such training they must be aware of the values of objectivity, open-mindedness and tolerance in the group situation, as well as all the other principles of participation. In this way fewer such impasses will develop and we will need to apply fewer unusual procedures.

The "Pass" Method: The method suggested here has a somewhat limited use in the training or instructional conference so it will not have a far reaching effect on the general management of conferences. In ***Conference Leading By The 'Pass' Method,*** by Eugene E. Jennings, *PERSONNEL JOURNAL,* March 1953, the author points out the wide use of the conference method in the training of supervisors, particularly in human relations. He depicts the typical training conference procedure where there is a case or problem before the group, from which they are to find the principles of human relations that are to be followed in the given type of problem. These principles are usually brought out through a certain degree of control and predetermined outcome by the leader which requires a great deal of direction on his part in the conduct of the conference. He directs the group to make comments and suggestions on his principles, or he draws principles from them, preferably to agree with his own. This is somewhat standard procedure in the training conference, although the degree of leader control varies considerably.

Advantages Of The "Pass" Method

The "pass" method suggests that the supervisors gathered around the conference table be given cards on which they write their suggestions or principles at the beginning of the meeting and "pass" these up to the leader. It is recommended that each supervisor pass three suggestions, represented by first, second, and third choice. These are put on the board by the leader, after which discussion tries to bring out the suggestions on which there is most consensus by the group. The advantages of the method are said to be:

1. It prompts free contributions from the group.
2. It avoids a certain amount of leader control and dominance.
3. It can be handled by a less skilled conference leader.
4. It results in less wrangling to arrive at agreement on principles.

Disadvantages Of The "Pass" Method

While the method does seem to be of value in bringing out a wider variety of group contributions and may result in outcomes more suitable to them, there are certain objections to it.

1. *The method implies inability of the leader to illicit (and the group to contribute) comments and suggestions through normal discussion methods.* We must bear in mind that the training conference is a highly specialized use of the conference method in which the group's contributions are not as free as in the problem-solving or policy-making conference. Yet most authorities agree that, particularly in the conferences on human relations training, the group should be somewhat free to recommend principles. It would seem better that these come spontaneously from the group members rather than through the more mechanical method of passing up cards to the leader. Oral participation loosens up each member as well as the total group. It stimulates the hearer to think and want to respond. All of this is lost during the early stage of drawing from the group via the written method rather than orally. Unless the later discussion which follows the leader's putting the suggestions on the board is exceedingly lively and better for having done it this way it would hardly compensate for the silent period which must of necessity take place during the writing on the cards.

2. *The mechanics of the method may become quite awkward.* What does the group do during the time that the leader is writing their suggestions on the board? Assuming fifteen members with three suggestions each, as the author indicates, this means a total of forty-five items to be placed on the board by the leader. True, there should be considerable group interest as they watch him do this, but the time spent here is not conference. It might also result in such a maze of material before the group as to make it difficult both for them and the leader to know where to start the discussion. Even though there is a "whittling down" process while the leader puts them on the board, the final list may yet be cumbersome and unwieldy.

3. *The principles suggested by the group may still lack some that the leader wants to have before them.* This may operate in reverse in that there may also be some principles suggested which the leader feels should not be before the group. Either of these faults is hard to handle and may also be present in any instructional conference where group members place the leader in a difficult position because they say too much or too little. If the leader feels that a certain principle should be before the group and they do not contribute it, he must in some direct way get it before them. Likewise, an unwanted contribution that is made must be handled with extreme tact. The pass method, therefore, does not in itself prompt this difficulty, but it does not remedy it and it might make the difficulty more pronounced once the principle has been reduced to writing.

The problems peculiar to the training conference, therefore, will be present with or without the pass method. Although it may be useful as a diversion in a long series of training meetings in a human relations training program, I would rather see the conference leader trained more expertly to use conventional methods than to adopt this procedure as a regular diet.

The "Incident" Method —Where Applicable

The "Incident" Method: This again is a method applicable primarily to the training conference and would be of interest particularly to training, personnel, and industrial relations directors. Its author, Paul Pigors, suggests it as a method for projecting the group into the heart of a problem which they discuss, probe, and try to solve. The "incident" is some particular happening or set of facts or situation which is placed before the group. In this sense it is similar to the case method and, in the opinion of this writer, is almost the case method under a different name. The use and value of the case method are so well established as a standard method for bringing out concepts and principles to be learned or acquired by the group that we will not elaborate on it.

In the "incident" method the group does not hear or read the facts of the

case in advance of the meeting. They gather around the table and the leader tells them a brief incident with minimum facts. Before the group can adequately look into the problem in the incident they must have more facts so the initial inquiry of the discussion is to ask questions of the leader to bring out the facts. In so doing the leader answers each question directly, supplying the fact sought. After the group is satisfied that it has all the facts they are ready to discuss it as a case problem. There are at least two questionable items about this.

The "Incident" Method Is No Panacea

1. *The facts as brought out may be prejudiced by the leader.* The method requires that the leader have full knowledge of the facts of the incident (case) and that he describe them accurately as information to the questioner. It would be difficult for a leader to be completely accurate in doing this. He may inadvertently change, omit, or supply a fact as he sees it. If some of the facts involve conversation between people he would have to say what was said by the characters in the case exactly the same way each time the case was used. Members of the group could even get varied reactions from the leader's words, depending on how he said them, thus they would not all have the same picture of the incident before them.

2. *The time consumed in ascertaining the facts does not seem warranted.* It takes considerable time for the total group to be satisfied that it has all the facts. If the time so taken helps the group become "involved" in the case, it may be valuable. This is probably one of the values claimed by the author of the method. It is also true that other methods of putting a case problem before a group, such as role-playing, are also time consuming. But in the "incident" method this time spent, wherein facts are simply told by the leader in answer to questions, does not seem to accomplish the same purpose. The conventional method of having the group members read and familiarize themselves fully with the facts of the case before the meeting would seem to be more effective.

While the "incident" method may in some respects be a sufficiently refined variant of the case method to warrant its use occasionally, it is surely no panacea

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for the stimulation of group thought, and it is questionable whether it merits the bandwagon tendency of the training profession to get on its coat tails.

The Phillips "66" or "Buzz" Session: This gimmick has been with us a number of years and is one of the few that has become so popular that its author's name follows it, and leaders of large meetings fear they may be ostracized from society for failure to use it.[1] As is generally known, its title derives from the recommendation of its author that members of an "audience" in a large group, after a formal program, gather in six-and-six arrangement to talk over the speaker's points, if the formal program was the presentation of a lecture. Six persons in one row turn around (with their chairs too, assuming they are moveable) and discuss the program with the six persons seated directly behind them. This discussion is to last for a given period announced by the chairman, usually about 10 minutes, during which the group is to choose a spokesman and arrive at one question or comment that he will put to the speaker during the forum period.

Value Of The Phillips "66" Or "Buzz" Session

The values of this method are claimed to be:

1. It makes every member of the large group feel that he is participating.
2. It gives everyone a feeling of involvement.
3. It allows for a more systematic coverage of the entire group during the question period.
4. It makes the management of the discussion period easier for the chairman.

These values are probably achieved, at least in part, and the method therefore makes some contribution to management of the large group. But they are over-rated and bring certain problems.

1. *Actually the method can lead to less group participation than if it is not used.* Frequently the small groups spend the entire time picking a chairman, or finding out how they will write their question down, or some other detail of mechanics. The time spent in getting acquainted is also noteable, although this probably has a salutary effect. If the time that it takes to organize the buzz session, particularly in borderline smaller groups, is used in actually starting the discussion spontaneously, the total participation may be longer and better. Actually, it takes some time to explain the method to most groups and to accomplish the mechanics before each smaller group can get started on its own discussion.

Are You "Buzzing" Just To Be In Style?

2. *The question period may become too static and lacking in group involvement by the very systematic quality of the method.* Assuming a given number of small groups, such as ten or twenty, the chairman usually announces at the start of the question period that he will start in one corner of the large group and go around to the left, from one small group to another. The group at his immediate right perks up and feels involved because its question will be handled first. But the groups on the left side of the room feel much less involved and even may become concerned whether there will be time to take up their question. True, the chairman need not follow this system in taking up the questions, and he could take advantage of a more random participation so as to preclude this feeling and to add spontaneity. But he is usually so preoccupied with the system of the method that he prides himself on doing it on a more regular sequence basis.

3. *The method is used far too frequently in order to be in style with a current vogue.* I have already mentioned the bandwagon tendency to adopt a new technique because everyone is doing it. I have attended speeches or panels before a larger group where the use of the buzz session method was entirely unwarranted or, if it had been, the fact that the speaker ran overtime or some other happening made its use undesirable. Yet the chairman would insist that "we have a 'Phillips 66' " however out of place it might have been. This is true of comparatively small groups of say 50 or less in the audience where the use of the method adds very little even of the values claimed by its proponents. The spontaneous participation of questions and comments from the total group would probably be much more effective.

I would like to make very clear that I recognize the value of the buzz session in the proper circumstances. But let's not regard it as a *must* in every situation calling for audience participation after a speech or as the aspirin for all the ills of group discussion in large groups.

"Leaderless" Discussion: This technique is almost an anomaly in a list of methods for conference management for it would present concepts of group discussion which take the leader out of the picture and turn over the management (if there is any) to the group itself.[2] It can probably be said that this is an outgrowth of the Group Dynamics principles of group management. Briefly stated, the principle seems to be that the dynamics of the group itself should contain its own leadership and management, that the leader is bound to exert some negative influence on the free and permissive participation and involvement of the group and that he therefore might best be out of the picture. The proponents of this method of conference management would presumably say that leadership will center from time to time in different members of the group, may not center in any specific person at all or a specific leader may emerge. At any rate the group is convened without a leader.

Does Leaderless Discussion Overcome Leader Inadequacy?

This is a rather challenging and sweeping concept. It is of course not advocated by its proponents for all kinds of group discussion, but its advocacy to any extent poses some real problems and raises some real doubts as to its usefulness. It appears to this writer to be based on several premises of at least a somewhat questionable nature.

1. *Leaderless discussion presumes that we don't (and can't) have good discussion leaders.* In his article which we have cited Mr. Haiman suggests that the job of a discussion leader is so broad and complex as to take a superman to do it and from this, since we do not have supermen, he concludes that we should have no leaders. Similar positions are taken by others, both within and without the Group Dynamics field of interest, who advocate that all groups have an observer or some sort of helper to assist the leader. It is my judgment, in pass-

[1] *For a discussion of this method originated by J. Donald Phillips and other problems of the large meeting, see Leland P. Bradford, LEADING THE LARGE MEETING, Adult Education Bulletin, December 1949.*

[2] *See Franklyn S. Haiman, "Discussion Leader—Man Not Superman," ADULT LEADERSHIP, March 1953.*

ing. that any kind of secondary position to the leader which diverts attention from the role of leadership is apt to be harmful. And from this it should be clear that I do not favor leaderless discussion. The proponents of discussion without a leader have still further reasons for their advocacy in addition to the competence of the leader. They suggest that if a group is left entirely to itself there will be a completely free and permissive atmosphere for the solution of problems. Any infringement on this atmosphere at all, they would say, takes something away from the ideal. This objective again tends to smack at leadership adequacy and the better solution seems to be more capable leaders.

Conclusions And Recommendations

2. *Leaderless discussion is unrealistic and impractical.* If there is something to be said for the cathartic value to group members of having the experience of leaderless discussion surely it is difficult for this writer to see its practical application in any realistic situation. Starting with public discussion programs and meetings it would be folly to try to run them without a leader to start, guide, and manage the total program. For the practical application of the discussion process to business, largely in the form of the conference, it would be utter chaos to imagine the average work group or staff gathering together to receive information or solve problems or decide policy without leadership. Those who would sponsor leaderless discussion in order to achieve certain idealistic goals of the democratic process wherein everyone feels completely free, under no dominance and even under no direction, to say what he wants need to give pause to the question of the realism of what they sponsor.

3. *Discussion without a leader is apt to be discursive, disorganized and unable to accomplish any goal.* If one must choose between the evils of too much leadership as compared with none, particularly with respect to the organization and coherence of discussion, this quality of good discussion is apt to suffer most in the leaderless group. Unless the participants in such a group are themselves skilled in the principles of leadership the danger of the discussion floundering in all directions is apparent. And even if a strong member is likely to emerge as the leader, this could not be counted on and this would-be leader would probably not have the same recognition from the group as a leader whom they regarded as such.

Conclusions and Recommendations: In pointing out the limitations and dangers of the gimmicks I have discussed in this paper, I would not want to leave the impression that they are wholly valueless. On occasion, and in proper perspective, all of us might want to consider their use. In many respects they are in the interest of progress and refinement, and surely we should never stop in our efforts to improve the discussion process.

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I would also not wish to imply that their authors claim for them the values that seem to be attached by their users. But there are at least two basic dangers:

(1) There is an impression, either from the authors or from the users who rush to accept the new in order to be in stride with "progress" that such new methods are panaceas.

(2) There is an underlying lack of faith in the basic principles and methods as the best tools, after all, for accomplishing the objective we all want.

The answer to our quest is the continued training and development of conference leaders and participants in the fundamental principles of group management rather than the striving to find the magic formula. This paper cannot enumerate or discuss all these principles but they are well understood by those who do training in this field. As a minimum, these should be an integral part of all conference training programs:

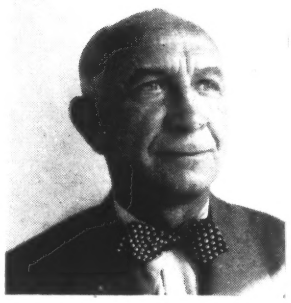
1. An understanding of the place and use of the conference as a part of the management and communications of an organization.
2. The types, purposes, and objectives of conferences.
3. The importance of and steps in preparing for a conference, by both leader and participant.
4. Agenda and outline planning for conferences.
5. The application of basic psychology to individual and group analysis.
6. The problems of social and personal inter-action among members of a group.
7. The skills, tools and techniques necessary for leading, guiding, stimulating and controlling discussion.
8. The skills needed to be a good speaker.
9. The skills needed to be a good participant in a conference.
10. The skills needed to be a good listener.

Beware Of Panaceas And Magic Formulas!

Not only should we build our knowledge of these principles and refine these skills, but we must also intensify and improve our training methods. In addition, the executive and the supervisor who finds he is having difficulty managing his group should be ready and willing to be a member of a training course. Or if he is in a position to set policy for his company he should see that such training is given. The training director should constantly be ready to accept and to try new methods in his effort to improve his training programs in conference management. But we should all be wary of panaceas and magic formulas.

END

R. O. BECKMAN writes a newspaper column for senior citizens titled "The Vintage Years". He is also the author of "How To Train Supervisors", which is based on his own years of experience in personnel and training work. Long connected with Griffenbragen & Associates, he also served as personnel director for the city of Cincinnati, Kroger Stores and Butler Bros. A member of the American Psychological Association and the Gerontological Society, Mr. Beckman is an authority on the problems of the aged.



LET'S GIVE AGE A BREAK

by R. O. Beckman
Author of "The Vintage Years"
and "How To Train Supervisors"

"Knowledge, like timber, should not be used until it is seasoned," wrote Oliver Wendell Holmes. And today's scientists offer proof that senescent deterioration is not inevitable. But when will business management recognize the value of the mature judgment, experience and know-how of older members of our population?

BUSINESS administrators, especially personnel executives, are going to have a profound influence on the solving of problems created by the rising tide of oldsters in our population. Top management already senses the implications involved but supervisors and fellow workers are far behind in understanding the needs of older persons. The observations in this article deal with the far-reaching impact of our aging population on socio-economic welfare. The issue in question affects the determination of personnel practices in employment, training, transfer, retirement and public relations. It should be of concern to personnel workers and to every thoughtful citizen.

Some 30 million Americans between the ages of 15 and 40 appear to be heading for trouble if they don't change their thinking. These are the younger folks who will bear the economic burden of supporting this country in the next 25 years. They don't realize it now but by 1980, judging from present trends, they will be paying the bill not only for their own support but for an equal number of older and disabled men and women.

There is no difference of opinion among economists and other authorities as to the trend in population change. It is agreed that the proportion of persons aged 65 and over has doubled and may well triple in another quarter of a century. The percentage of oldsters employed in the nation's labor force is steadily falling. Old age security benefits are headed for the 25 billion dollar mark by 1980. Authorities differ as to (1) whether our economy can then support its aged in idleness and (2) how much our national income and living standards would be raised if larger numbers of older persons were given a chance to work. The important question is not: "Can 30 million younger folks strain themselves to support the aged?" It is "Should the able aged remain idle and become a costly liability?"

It appears that as a matter of grim necessity younger Americans must either change their attitude towards their elders or pay the deferred bill which old age will present later on. This bill, reckoned in billions, will be not only for doles but for damages in consequence of our present neglect to provide for the mental and physical well-being of our senior citizens. The change in attitude referred to deals with the economic and social evaluation which we place on the capacity of the older generation.

The assessed valuation of old age has slumped badly in recent years. When we changed from B. C. to A. D. the average life span was 22 years. A century ago it was 40 years. During those periods a person over 65 was such a rarity that his very existence was a mark of distinction. Such public opinion of age as developed was one of respect. Traditionally, mankind has cared for the few hardy folks that weathered the diseases of middle age. Today it is hard to follow that tradition because of the size of the problem presented. In another 25 years one in every eight persons will be 65 plus; in some communities one in five.

The increase in older persons has fostered adverse public opinion which is not justified by the facts. Growing old is confused with senility. Deterioration is considered inevitable. Therefore old folks have no value; the sooner they are out of the way the better. Let them make way for youth. Acceptance of such an attitude makes for aversion; older persons are avoided, their ideas ignored or labeled "dated." They are more often regarded with ill-concealed disdain than with tolerance. Perhaps they should be

sneered at as the New Deal did at "the nine old men." It must be noted that much of this attitude on the part of our junior population is due to the behavior of some of the oldsters themselves. Their conduct spreads the belief that as a class old age is difficult, crotchety, obstinate, garrulous. Age will not be respected unless it makes itself worthy of respect.

No Age Limit To A Mature Mind

Public opinion about aging is bolstered with superstition. You hear that older people cannot learn new skills, have no ambition to retain or change their ways, cannot be profitably employed, or undergo surgery or psychiatric treatment. Love or sex life on the part of anyone over 50 is considered absurd. Psychologists Lorge and Tuckman recently found "substantial acceptance of the misconceptions and stereotypes about old people" in the attitude of graduate students at Columbia University. Old age was looked upon "as a period characterized by economic insecurity, poor health, resistance to change, and failing physical and mental powers."

Old age may be troubled about security, health and companionship but there is no basis in scientific fact for assuming that persons between 60 and 80 years of age should be carted to the junk-pile. That they have lost their power to live an adequate mental and emotional life and be socially useful is an unfortunate misconception. There are of course exceptions because of poor health. Far too many older persons have taken such claims at face value and frittered away their vintage years. Disease or accident, bad habits or diet, or mental depression may wear a man out, but an active life never did. The owner of a balanced and mature mind dies with his boots on.

Science is now proving that senescent deterioration is not inevitable. It has made the belated discovery that chronological and psycho-physiological age are two different timepieces running at different speeds. There is no cut-and-dried answer to the question: when is a person old? The "aging process" begins in the early twenties as man reaches the peak of performance in physical and mental tests. From then on there is a slow but steady decline and impairment. Lowered intelligence in advanced age is reflected in slower speed of comprehension and retention; reasoning and judgment are well maintained. Encouraging progress to retard the physiological processes of aging is being made in pharmacology and endocrinology. It appears likely that not only will the life span be further lengthened by the control of chronic diseases but that, more importantly, we will discover how normal physical and mental faculties can be used and enjoyed throughout later life. The basic theme of geriatric research now is the control of premature deterioration.

The accent which the machine age has placed on youth, and the consequent disregard of age, has resulted in the acceptance of socio-economic customs harmful to our welfare and disruptive of social unity. We are supposed to quit work at 65 under the social security law and most pension plans. The old horse is then expected to roll contentedly in the pasture (usually a barren one, it may be added) until the end of his days.

But a man's trouble in staying at work appears long before the pasture age. The maximum age at which new workers are hired by many firms is half the retirement age. Most unemployed men have trouble finding new work in their forties; women in their thirties. Union rules, seniority rights, and company pension and insurance restrictions also lower the age of employability. Our hiring and retirement customs have grown in large measure from an oversupply of labor in the face of underconsumption, especially in the depression days. This has aggravated the prejudice against older workers.

Mature Judgment A National Resource

The proportion of those over 65 remaining at work has steadily shrunk and is now near a fourth. Some 20 per cent of our oldsters are unemployable because of chronic disease, disability or advanced age. Of the remaining five million, large numbers want to enjoy full or part-time employment not only to supplement an inadequate income but to maintain mental and physical health by keeping busy. That they are capable is shown by the record of older persons employed in World War II. Sumner Slichter, Harvard economist, estimates that if only one and a half millions of these capable oldsters were employed national production would be increased by five billion dollars. The exactness of his figures has been challenged but they nevertheless indicate huge wastage of manpower.

The mature judgment, experience, and know-how of older persons constitute a national resource of tremendous value which is to a large extent untapped. Perhaps there is greater waste of this human patrimony than of our natural resources whose conservation has been so loudly demanded since the days of Theodore Roosevelt. Maturity develops wisdom and judgment when combined with continuing breadth of vision. Dr. Martin Gumpert, distinguished geriatrician, recently declared that only an "aged" brain is able to produce that highest achievement of the human mind —wisdom. He believes this is the clearest proof that the so-called "degenerative" symptoms of aging can be productive in the highest sense.

Slighting Of Aged Becoming A Political Issue

Perhaps we should also recall the counsel of the first Oliver Wendell Holmes when he said that knowledge, like timber, should not be used until it is seasoned.

Aside from the enforced idleness of our elders and the mounting cost of old age insurance, another factor tends to put our economy in the red. This is the expense of maintaining 2.6 millions of persons aged 65 and over on old age assistance (now 2½ billions a year) and of supporting countless others in institutions and homes for the aged. From 1910 to 1936 (the latest authoritative figures available), admissions of persons over 60 to mental hospitals increased 227 per cent. Considerable maladjustment and mental breakdown in old age is due to inadequate activity and recreation. It has been appropriately said that work is the miracle drug for older persons. Taxpayers pay a huge bill for institutionalization and relief because they ignore the emotional frustration of an aging population.

Failure to recognize the needs of older people can result in old age exerting pressure through the ballot box. In recent years politicians have sought to attract these votes by holding out impossible promises of financial aid to the aged. Adequate income is essential, but money can never cure the vicissitude of

aging. An illustration of the thinking which assumed that legislation can correct any kind of social evil is found in the bill introduced in the 1951 Congress by Representative Javits which would make discrimination against the hiring of older workers an unfair labor practice. More activity of that ilk may be expected. If the present population trend continues until 1980 when half of our people will be over 55 we may be faced with government by and for the aged: gerontocracy.

Eight Bases For Action On The Aged

It is high time for all of us to admit the capacity of older persons to contribute to our economic and cultural welfare and thereby sidestep the social, economic, and political pitfalls presaged by their upsurge. Old age needs tolerance, understanding, and an opportunity for the pursuit of happiness. A change of attitude towards the aging is not a question of subservient sentimentality for grandparents but a pecuniary issue for our economy.

Age surely merits as much consideration from society as the teenagers who are but half as numerous. For decades "give youth a chance" has been a civic slogan. Much of our local tax dollar goes for the education and welfare of youth. We provide youth centers, gymnasia, swimming pools, summer camps, school buses, school lunches, traffic guards, and baby clinics. But where are the health clinics or other facilities for aging adults? We very properly contribute more than $1,000 a year for each case of infantile paralysis, but do not realize that the incidence of polio is but 1/250th of the "incidence" of persons aged 65 plus. Perhaps we are losing our sense of relative importance in the course of the pressure exerted by glib propaganda for youth. Could we be inconsistent in making such a fuss over the *development* of mental, emotional, and physical assets in youth and disregarding the *conservation* of the same traits in the aged? Now that youth is given its chance, how about giving age a break?

Recognition of the relative importance of opportunity for old age to participate more fully in our economy means not only changing our basic social attitude but modifying institutions and practice in relation to employment, education, and recreation. If the heritage of age is to be utilized to strengthen our way of life and increase the satisfactions of age itself, the following goals should be sought, after adequate research to develop sound bases for action:

1. An adjustment of social security legislation, industrial pension plans, union rules and contracts and personnel practices, to encourage continuing employment.

2. Replacement of compulsory retirement at a fixed age by optional withdrawal from work when an employee no longer measures up to job requirements. This involves setting up standard criteria for different jobs based on physical, mental and productive factors.

3. Elimination of maximum age requirements for employment by business and government unless they are definitely validated or proved to be necessary.

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4. Expansion of state employment office facilities to provide adequate service for older job-seekers.

5. Broadening opportunities for the continued employment of older persons, particularly on a part-time basis, in special fields such as in transfer to lighter work, in the training of younger workers, and in caring for wholly automatic machines.

6. Discouraging the employment of younger persons in industries which are contracting and in which preference should be given to older workers already employed.

7. Realignment of jobs and production processes to meet the capacities of older workers, just as job engineering is already providing jobs for handicapped and untrained workers.

8. Encouragement of cooperative workshop projects and colonies of older persons working and living together.

The foregoing steps will serve to apportion the nation's jobs to provide maximum employment, and are primarily the concern of management and personnel administration. Business executives will also become involved in other social aspects of the problem of older persons if they subscribe to the thesis that no industry can succeed unless it is an integrated, constituent factor in the life of the community. Among the broader social goals sought are these:

1. Extension of opportunities (perhaps without remuneration) for civic and neighborhood activity, for rendering mutual services, assisting in neighborhood improvement, and working for better government.

2. Educational programs for oldsters to assist them in understanding their prospects for continued growth and achievement and in overcoming detrimental habits which stand in the way.

3. A public relations and educational program to acquaint younger persons and employers with the problem and potential of old age. Age needs recognition of its subconscious urge for more participation in work and play.

4. Expansion of educational, vocational, retraining and rehabiliation, and cultural programs for older persons seeking better adjustment.

5. Provision for governmental and community facilities and resources in the interest of better health, recreation, and housing for the aged.

6. Establishment of service centers to furnish counsel and information to senior citizens and stimulate them in work, health, or play.

7. Provisions for clinics and geriatric institutes to provide health counsel and conduct research to minimize chronic disease and prevent deterioration.

Retirement Will Assume A Fruitful Meaning

Such a program will emancipate old age from the customs and prejudice which now restrict its unused potential. For our economy it will spell an increase in national income and a sharp reduction in future expense burden in behalf of the aged. Instead of having one tenth of our population classed as obsolete, the word "retirement" will assume a new and fruitful meaning. If he will, the executive charged with human relations can do much to achieve this end. END

ROBERT W. HEFFNER went to the Farm Bureau Insurance Companies in 1937 as a licensed local agent, was appointed a district sales manager four months later. In 1939 he was made a special agent for Ohio and Virginia and in 1940 was appointed the company's field supervisor in West Virginia. In 1943 he moved into the home office as head of Sales Record Department and in 1945 became Director of Agency Training. He was made Vice President of Personnel in 1952. The Research Institute of America gave him their Annual Award of Merit in 1953.

What Makes A Good Executive?

by Robert W. Heffner
Vice President, Personnel
Farm Bureau Insurance Companies

Tomorrow's business executive will belong to the most important professional group in the world, if American business continues to mushroom. Such rapid growth puts a heavy premium on executive competence. The skills that mark the competent executive are examined in this article.

THE time is upon us to intensify the efforts of finding, training, and evaluating tomorrow's executive.

One of the problems which has presented a considerable stumbling block to these efforts in the past has been the inadequacies of our definitions and descriptions of the executive. For example, one of our leading authors on industrial organization defines an executive as one who gets results by stimulating, motivating, and directing the work of others. Another states that an executive is any elected official of a company. A third definition says that an executive is a person having the power to legally bind the company. Another reads like the Boy Scout Law. He must be honest, loyal, trustworthy, etc.

It might be possible to extend this list indefinitely if one had the inclination and time necessary to exhaustively survey the literature. If we were to conduct such a survey we would find that defining an executive has been a process of an author projecting his point of view, bias, or the situation he wishes to discuss. It is impossible to find one definition which would be usable, practical, or acceptable to all groups in all situations, but it should be possible to define and describe the executive in a more meaningful manner.

It seems to me that the approach which will help us set standards to find, train, and evaluate tomorrow's executive is through an operational definition and description. I believe that such an approach should answer the following three questions:

1. Where in the organization should we look for tomorrow's executives?
2. What skills should we try to develop?
3. What personal characteristics should we look for?

First, take the question of where in the organization we should look for tomorrow's executives. In our company the top group is composed of the president and the elected vice presidents. Immediately under these men are the department heads. Under the department heads are division managers and under the division managers are the section supervisors. To a degree all of these levels are involved as today's or tomorrow's executives. However, it would probably be five to ten years before the supervisors reached the near-top executive level. I believe that an efficient definition or description of the executive should point toward the president, vice presidents and the next level down, which we have called department heads.

Now let's look for the executive skills. One popular definition which we have mentioned states that an executive is a business person who skillfully plans, organizes, directs, coordinates, and controls. All too often this is as far as we are willing to go in defining the skills of an executive. To demonstrate the impractical broadness of this statement, consider the analogy of a letter which Wesley Fesler, a former football coach at Ohio State University and University of Minneapolis described. The letter:

Dear Wesley:

I want to see your team win. You can do this if you follow these rules:

1. *Make every play go seven or more yards from scrimmage.*
2. *Have more plays that go the full distance for a touchdown.*
3. *Have the boys catch the ball when it is thrown to them.*
4. *Make them tackle better.*
5. *Make them kick the ball farther.*
6. *Make them run faster.*

Yours for a better season,
Joe Fan

As Fesler said when he finished the letter, "I would love to—but *how*?"

Applied to the football field, these bits of advice are shallow to the point of absurdity. Yet how often do we hear: "You should plan more thoroughly." "You should organize more carefully." "You should direct more tactfully." "You should coordinate your work with others." "You should have better controls." We would love to—but *how*?

The Most Important Basic Skills

To be meaningful, then, our discussion of executive skills should be not so much what the executive does but how he does it. We must get behind the functions of planning, organizing and so on, and attempt a determination of the skills which spell the difference between success and failure in performing these functions. I believe that the most important basic executive skills are:

1. Timing
2. Communication
3. Trained curiosity
4. Ability to think from principle
5. Ability to "share the situation"
6. Ability to "turn people on"

Let me explain what I mean by these labels.

Timing. How often has one man impressed us as being an impractical theorist while another seems to be bubbling over with good practical ideas? A true executive recognizes the fact that a good idea is a theory whose time has come. From such recognition the executive times his own contributions and helps his subordinates in learning to time theirs. The successful executive must acquire sufficient knowledge of all parts of the business situation to enable him to skillfully time the releases of new products, new policies, company rules, and so on. The skill of timing can be improved through the coach-player relationship that exists between senior and junior executives. Such a statement is justified since the junior executive must be guided by the habits of his senior. External influence at improving the senior's sense of timing can best be provided by qualified management consultants. The skill of timing is one of the most important and most personal of the management skills. For this reason its improvement is largely a matter of individual desire and effort.

Communication. The skill of receiving and transmitting information, ideas, attitudes, and/or emotions predicts the executive's ability to perform the various management functions. The successful executive must communicate up, down, and across the organizational structure and he must direct his communication efforts both inward and outward—to both the company employees and the community and market groups. The personal communication skills which the executive must use nearly every minute of his business life include the skills of reading, writing, listening, and speaking. The fact that communication skills can be improved through training and individual effort has been definitely established by such men as Dr. Rudolph Flesch in the field of writing, Dr. Samuel Renshaw in the field of reading, Dr. Ralph Nichols in the field of listening, and a host of popular authorities in the field of speaking. It would, indeed, be an unwise attempt at developing executives which did not include an attempt to improve their communication skills.

Trained Curiosity. Progress in business as in any other field is the result of someone's attempt to locate the why of a situation. The skill of arousing his own curiosity and the curiosity of those around him is the skill of the executive which causes himself and the others to grow. The skill which we are considering here is that ability to find the unexplained in any situation and through critical evaluation of all discoverable facts arrive at a new solution which is more usable or—just as important—arrive at a new understanding of the old solution which is the basis of the executive's greater usefulness. Curiosity can be developed if the individual actively seeks its development—if he tries to search for the *why*.

Ability to think from principle. There are two kinds of thinking in the business world concerning *principle.* The first kind is that done when one takes a complex situation and, through the use of an expressed principle or objective, makes the day-to-day decisions which contribute to the achievement of an objective or the adherence to a principle. This is the operational deductive thinking done most typically at the junior executive level. A story which one of our men tells of his grandfather demonstrates this kind of thinking. The grandfather's objective was to make the best wagon ever produced in Pennsylvania. The grandfather worked hard and made his every effort and decision contribute to this objective. He did produce the best wagon in the state. Another man in another state about the same time had as his objective the producing of the best possible means of low-cost transportation. This man worked hard also and accomplished his objective. He was Henry Ford.

These men were both successful in applying their principles and achieving their objectives. But they differed in the success with which they applied the second kind of thinking which a successful executive must do.

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The second kind of thinking involves changing the principle or objective. The more authority or higher position held by the executive the more able he must be at testing the organization's principles and objectives in terms of all phases of the situation. To do this the executive must develop the skill of thinking inductively or recognizing relationships which exist between seemingly isolated incidents or things.

Both types of thinking can be improved through training which results in executive insight about thinking, its methods and characteristics.

Sharing the situation. This executive skill could be conceived of as part of the communication skill. However, since it deals with what is communicated rather than how the communication is done it can also be viewed as a distinct skill.

Sharing the situation means that the executive provides all essential facts and reasons necessary for a subordinate who is to carry out some action. The skill includes not only the selection of the necessary information but the use of

techniques necessary to assure understanding. One usual device is play-back —the receiver repeats back enough information to demonstrate his understanding. Play-back is a vital part of the executive function of control. The higher one rises in a company the less play-back needed because there are a greater number of controls built into the positions dealt with.

The Importance Of Ability To Persuade

The executives who successfully shares the situation is the one who is maintaining an open door and all that it means. Learning to share the situation is best achieved by example. Therefore, if a training program is to be attempted to improve this skill that training should begin at the top executive level.

Turning people on. It is an established fact that people work at a pace and efficiency most acceptable to themselves. The maximizing of this effective rate for any group of people is accomplished through the skill with which the leader of the group can alter his group's attitudes. The skill of maintaining an effective work rate day by day and of improving that rate under special circumstances is the most sought after skill of the business executive. The exact delineation of this leadership skill has not yet been accomplished. It is known, however, that leadership techniques—or skills—can be voluntarily acquired, modified, or lost. The most successful way of improving these skills is through the player-coach association of junior and senior executives. It hardly seems possible that an organization can succeed unless the senior executive has this skill. But in case this unlikely event has occurred a training program in this area must begin with the senior executive.

The skill of turning people on is directly tied to communication and thinking skills. To cause people to *want to do what they must do* the executive must be able to translate into terms of individual ambitions and drives the needs of his company. In this area the executive is communicating to persuade. It is possible, through guided training and critical practice, to improve one's ability to persuade.

The skills we have discussed above are important to the executive in terms of his ability to apply them in the performance of his functions of planning, organizing, directing, coordinating and controlling.

In *planning* the executive uses his curiosity to start his mental machinery. The plan is formed in terms of the common denominator of objective and principle. The presentation of the plan is effected through his ability to communicate and its timing predicts its acceptableness.

In *organizing* the executive again must think in terms of principle and objective and must carefully consider the interpersonal relationships which will aid him in his efforts to turn his people on. Again he must communicate and he must time his actions.

Directing and *coordinating* is a merging of the executive's ability of turning his people on, of communicating, and of providing opportunities for his people to communicate.

Control is performed through people. We may think of balance sheets, reports, and production graphs when we think of control but as an activity it is possible only through people. To perform the function of control the skills of communication and sharing the situation are of vital importance.

Four Characteristics Needed To Master Skills

The analysis here indicates that the potential executive should be judged not in terms of the functions he performs but rather the skills needed to perform those functions. We have gone one step behind the usual analysis of the executive's job. It is possible for us to go one more step. Behind the mastering of any skill there is the individual capacity of the person. If this were not true we would need to admit that all men have equal executive potential. I do not believe this is true.

To complete our description of the executive we must include a consideration of the personal characteristics which are critical to the ability of mastering the necessary skills. I believe these can be boiled down to four: intelligence, stability, empathy and social sensitivity.

Intelligence is the mental capacity of the individual. All of the skills required to carry out the executive functions are based on the premise that the executive has the mental equipment with which to think.

The second is *stability*, the inner poise that creates consistency of action. To work well for an executive his people must know, in general terms, how he will react to a given situation. An executive whose moods take wide swings creates confusion among his people which scuttles the best planning, organizing and controlling. Business management must be based on self-management.

Empathy And Social Sensitivity

The third personal characteristic is *empathy*. Surprisingly enough, the good executive is often the man with the trace of a tear in his eye when *someone else* is in trouble. He is the man with the ability to put himself in the other fellow's place. He has the ability to get inside the other person, to understand what makes him tick, to share with real feeling his hopes, his ambitions and his fears.

The last of these personal characteristics is *social sensitivity*. The successful executive not only understands people as individuals but he understands them as a group. Their reactions to one another, their group standards and their group traditions. The successful executive is sensitive to the group which is his company, the group which is his community, the group which is his customers and the larger national and international groups. He must be able to interpret each group to the other.

This, then, is an executive. He is a man high on the ladder of management. He is a man possessing skills, a sense of timing, communications know-how. He has a self starting curiosity. He can reduce ideas to their lowest common denominator, relate the seemingly unrelated. He is skilled in sharing the situation and he can "turn on the man who turns on the machine".

To a great extent these skills are based on four personal characteristics: his intelligence, his stability, his empathy, and his social sensitivity.

Through these skills and characteristics he plans, organizes, directs, coordinates, and controls.

And through these skills and characteristics we can establish the standard against which we measure our executive potential and toward which we can direct our executive development efforts. END

DICKSON RECK, Associate Professor of Business Admnistration at the University of California, was consultant to the American Standards Association (1951), an official of the SCAP government in Tokyo, a specialist serving the State Department and OPA, as well as functioning in several academic positions at Columbia and Pennsylvania Universities. Mr. Reck has served the Chinese government as advisor in industrial relations, and several of his numerous published works have been translated into Chinese. He is an Advisory Fellow of the Mellon Institute, and a member of the American Economics Association

National Standards In Industrial Administration: Part II

by Dickson Reck
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What is the ideal type of standards-development agency? How well do national agencies measure up to this ideal? When should a company use national standards? Should your company contribute to a national standards program? The author examines and answers these searching questions in this article, the second of a series of two on the subject of national standards.

BECAUSE of the pervasive external influences in standards development and the need for identical standards in the operations of a company and those of its contributors' organizations, companies find that national agencies frequently provide more effective decision-making mechanisms for company standards than does the company's own organization. The company must decide which mechanism to use. Only in extreme instances when external standards are imposed on the company without consultation is the company left without an alternative. The company should choose the mechanism which, for each standard, is most efficient in terms of the administrative costs of developing the standard and the contribution its use will make to profits. The most efficient mechanism, whether it is internal or external to the company, is the one which can best:

1. Provide means for incorporating into composite decisions any valid views of all the contributors, government agencies, competitors, and others who have an interest and competence in the subject matter of the standard and can therefore affect its successful application, even when inter-organizational uniformity is not essential.
2. Develop standards which will be potentially acceptable for adoption by as many organizations as are required to achieve the necessary degree of inter-organizational uniformity; this may require potential agreement between two companies or all those in the industry, the country, or the world.
3. Mobilize the competent experts required to develop the economically best solution made possible by the current state of knowledge.
4. Develop Standards at the least administrative cost to the company.
5. Operate to furnish promptly the standards when they are needed.

Company mechanisms. Company mechanisms for developing alternatives and making decisions on company standards may be (1) any department which, although it is not specialized for the purpose, includes the development of standards as one of its functions; (2) departments which are specialized in developing alternatives, deciding on standards, or both—such as standards departments which typically specialize in developing engineering standards and purchasing specification, industrial engineering departments, organizational planning departments, budget departments, and operations research departments—and, (3) interdepartmental committees whose functions include developing and deciding on standards.

Because so many important standards are inter-organizational in character, all forms of company organization typically work through established procedures, formal or informal, which bring into the decision-making process the influence of interested contributors and other organizations. In general, company departments or committees measure up well to the criteria for an ideal standards-developing mechanism when the standards are such that (1) opinions need be mobilized only from those contributors and organizations with which the company has close and smoothly operating connections, (2) inter-organizational uniformity either is not required or is required only within wide tolerances or between relatively few organizations, and (3) the subject matter of the standard is well within the competence of the com-

pany's personnel or of others whose cooperation can easily be enlisted. For the large majority of company standards these conditions exist, and company mechanisms can turn out as good standards as national agencies, usually more expeditiously, and at lower administrative cost. For many critically important standards, however, company mechanisms are inadequate.

Inadequacy of company mechanisms. The rapid growth of technology and industry in the past hundred years have made the company organization working either independently or with such inter-organizational cooperation as it can muster, obsolete as a mechanism for solving many important problems which the company shares with its contributors, competitors, and government agencies. Unilateral decisions by companies have come to be increasingly inadequate with the increasing integration of firms into the national economy, and the increasing need for cross-communication and coordination of ideas which has developed from the growth of specialization. Companies have increased in size and their markets have considerably widened geographically. As a consequence the contributors of a typical company have greatly increased in number and have become widely distributed geographically.

Specialization Adds To Difficulty

Because of these developments it has become increasingly difficult for company organizations to draw representative opinions of its contributors into the decision-making process, and even more difficult to obtain a consensus on the content of standards among all the organizations for which uniformity is technically necessary or economically desirable. Furthermore, with the increase in the technological complexity of industry and the corresponding increase in specialized knowledge, it has become more and more infrequent that any one company possesses the technical competence to develop the best solution made possible by the state of knowledge.

Recognition of the increasing inadequacy of unilateral atomistic decisions for solving company problems has always lagged behind the fact. History offers ample evidence of this. Typically, companies have continued to make unilateral decisions until threatened or actual chaos forced them to resort to new inter-organizational decision-making devices. The following two examples are typical.

19th Century Advances In National Standards

In the first half of the nineteenth century, as is well known, a few companies specialized in making bolts and nuts but the majority of companies manufactured their own. Bolts and nuts of different manufacturers would not interchange and the task of finding or making a replacement for a threaded part was one which called for considerable detective work and engineering ability. This confusion approached chaos with the development of the railroads, both because products with threaded parts were sold over a wider geographical area and because the railroads themselves encountered difficulty in obtaining efficient repairs for their equipment at different points on their lines. The Navy, whose ships were repaired in different ports, encountered similar difficulties. The "unseen hand" —or more concretely the decision-making mechanism of the many and widely scattered individual companies—did not operate to coordinate designs and production methods automatically and bring order out of confusion. A new organizational device, as yet undeveloped, was needed through which expert specialists could be mobilized, data gathered, the opinions of all interested parties considered, and a solution developed in which all could have confidence because its adequacy was confirmed by the opinion of experts.

Recognizing the need for common action an engineer-manufacturer, William Sellers, devised a system of screw threads and presented his ideas at the Franklin Institute, an organization of men interested in science. Sellers' ideas were endorsed in general terms by a committee of the Institute whose report was approved by the membership and published in the Franklin Institute Journal in 1854. In response to the need, which found no existing organization for its expression, the Franklin Institute thus served as an embryo national standards agency although it was poorly suited and not intended to serve for developing solutions for inter-organizational problems.

Although the thread recommended by the Institute was adopted in 1868 by the Navy and was also adopted by the railroads it was not until after much further work had been done by the American Society of Mechanical Engineers (formed in 1880), the National Bureau of Standards (established in 1901), and the Society of Automotive Engineers (formed in 1905) that any significant degree of national uniformity of screw threads became a reality. The coordination of the work of these and other agencies required to establish a truly national standard has been achieved only since 1924 when the first edition of the present American Standard for screw threads was promulgated by the American Standards Association (formed in 1918).

National Standards Agencies Solve Industry-Wide Problems

For most applications individual companies no longer make independent decisions regarding screw threads. The "unseen hand" has been replaced by the inter-organizational decision-making mechanism of the American Standards Association and its member societies, trade associations, and companies. Today when a screw thread problem arises the solution is worked out through the ASA committee mechanism and published with the endorsement of the expert opinion of the committee as being the most adequate economic solution. After the solution has been published individual companies then accepted the decision and adopt the national standard as one of their company standards. For most applications, companies, even though they have not directly participated in the development of a standard, accept the decision of the ASA committee as valid.

Today, one hundred years after Sellers began to focus the attention of industry on the need for uniform standards, an adequate organizational structure exists for solving inter-organizational problems. This structure of national standards agencies has served to develop many solutions for industry problems, although in numerous instances companies persist in making unilateral decisions to solve problems which call for uniform solutions. Photography offers an interesting example of an industry which, after half a century of vigorous growth during which a good deal of unnecessary confusion was generated, has made effective use of na-

tional agencies to coordinate their decisions.

To make good pictures possible the large number of companies in the photographic industries—manufacturers of cameras and camera accessories, light meters, film and photographic paper, chemicals; retailers of photographic equipment of all kinds and photofinishers—must make common basic decisions or at least carefully coordinate them. As recently as 1941 the attempts of amateur and professional photographers to obtain good pictures were frustrated at many points by the inadequacy of the "unseen hand" as it operated on decisions in the industry.

Getting Coordinated Standards In The Photo Industry

In 1939 certain leaders in the industry decided that the mechanism of the American Standards Association was needed to coordinate industry decisions in the interest of enabling people to obtain good pictures and to eliminate certain wastes in the industry. At that time there were no nationally recognized photographic standards in the country.

Starting with the basic standard for film speed and exposure index, promulgated in 1941, the work spread to include characteristics for film, plates, and papers; standards for sensitometry; dimensional and other characteristics of photographic apparatus; equipment and methods for photographic processing; and specifications for photographic-grade chemicals. By the Spring of 1954 more than 250 American Standards had been promulgated and were being widely applied by firms and individuals of all kinds to guide their operations. These standards provide the common core in the systems of many companies in related but still very different industries, and they serve as an important basis for guiding the retail purchases of consumers of photographic equipment and services. It is inconceivable that this degree of coordination which is working to bring order out of confusion in the photography business could be achieved without a central mechanism through which individual companies can coordinate their decisions.

Examples such as these two of the inadequacy of company mechanisms for solving problems requiring inter-organizational action, both in the past and at present, could be multiplied many times. It has been in response to the recognition of this inadequacy that national standards organizations were formed.

National standards agencies. National standards agencies are non-profit, private or public organizations which develop standards through formal procedures designed to compare all possible alternatives, select or evolve those which are technically and economically the best, and promulgate them as national standards. It is this formalized problem-solving character and the expert approval of the solution as the best one available that distinguishes a national standards agency from organizations which simply publish technical information.

The important types of national standards agencies are: (1) trade associations, (2) scientific and professional societies, (3) government agencies, and (4) specialized private national standards agencies. With the exception of some trade associations and government agencies these national standards bodies have no research facilities, operate with small staffs which serve principally as technical secretaries for committee activities, and rely almost entirely on voluntary contributions of data and time by members of the industries and other groups interested in using the standards. To a large extent this is true also of those government agencies and trade associations which do have research facilities.

When To Use National Agencies

In general, national agencies measure up well to the criteria for ideal standards-development organizations when: (1) attempts by many individual companies to gather facts and opinions from many organizations either generates intolerable duplication and confusion, or meets with no success because of rivalry and distrust, (2) successful results from the standard require its adoption by many companies or individuals, particularly where rival interests are at stake, (3) the development of alternative solutions and selection of the best available one for the standard requires specialized competence not found in many companies, or (4) the costs of gathering data, conducting new research, and developing the standard are prohibitive for individual companies. The fifth criterion is promptness in making the standard available. National agencies, largely because of the judicial care they must exercise in observing formal procedure, typically require more time than company organizations for developing standards. For this reason, when companies can develop a standard they are often forced to do so even if they prefer to have one developed by a national agency. When company mechanisms are incapable of producing the needed standard there is no alternative but to wait for the national agency to complete its procedure.

Criteria For Judging National Agencies

The ability of a national agency to measure up to these criteria is a function of its prestige, the adequacy of its procedures and the rigorousness with which it adheres to them. An agency must have prestige to be successful in enlisting the voluntary services of experts representing the viewpoints of those who will be affected by the use of its standards, and it must adhere firmly to sound procedures if its standards are in fact to be sound and workable economic and technical solutions to problems. All national agencies do not equally well meet these requirements.

Criteria for judging the adequacy of national agencies. The only certain way to insure that national standards provide the most adequate solutions for company problems is to judge each on the basis of its content in relation to the problem situation it is designed to solve. If this examination reveals a national standard among the alternatives available, or potentially available, promises to make the maximum contribution to company profits in the long run, then it should be adopted; if not, it should be rejected in favor of a company standard.

It is, however, not always economically practicable for national standards to be judged individually. Present-day complexity of technology frequently leaves individual companies without the competence to make an adequate technical judgment economically. For example, few companies are in a position, without hiring specialist consultants, to judge the adequacy of the American Standards for allowable concentration of toxic dusts and gases. Furthermore, the cost of making such judgments is frequently high. It is desirable and often

practicable to use more general criteria.

A general judgment of the adequacy of national standards can be made by judging the adequacy of the organization and procedures used by the agency which develops them. The accepted criteria are: (1) that the agency is a nonprofit organization with no commercial interest in the standards, (2) that the agency through its membership and record of accomplishment has high prestige for judicious work, (3) that the procedures provide for adequate representation of all parties having an interest in the use of the standard, (4) that substantial agreement among the representatives of each party at interest be obtained before the standard is promulgated, (5) that each standard after it has been developed is reviewed before promulgation by a higher level of authority within the agency to insure that the procedure has been rigorously followed.

The organizations and procedures of many national agencies prove to be inadequate when judged by the above criteria. The most common inadequacies are: (1) that all parties having an interest in the use of the standard are not given representation in the development process, and (2) that a simple majority of all committee members rather than a majority of the members within each party at interest, is sufficient to permit a standard to be promulgated.

Most trade association standards are developed without adequate representation of any but the manufacturers' interest. For some purposes this is satisfactory but where suppliers or customers have important interests in the use of the standard, which conflict with the interests of manufacturing, trade association standards are likely to be inappropriate. In many instances trade association standards are re-processed through the procedures of the ASA or other agencies and converted into standards which reflect the interests of all parties.

Government Agency May Promulgate The Standard

If standards are promulgated after a simple majority vote, and if this does not also represent a consensus among all interested parties, then they probably will not be adopted widely enough to serve their intended purpose.

The above criteria and comments, although they apply in part, must be qual-

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ified when examining the work of government agencies. Government agencies develop standards both for voluntary adoption, as is true for example of the U. S. Department of Agriculture grade standards, and for inclusion in laws or regulations, as is true of the Food and Drug Administration Standards. In either situation a government official is responsible under law for carrying forward the standards development program. Unlike private agencies, therefore, government agencies must on occasion promulgate a standard for which a consensus among all interested parties has not been reached. This does not cause as great a difference between public and private agencies as might be expected, because most agency heads act only if they are convinced that the standard in question does represent a consensus, at least from the viewpoint of the public interest.

Accepted National Standards Become Company Rules

The criteria for the adequacy of national agencies are useful with the above qualifications for making general judgments regarding government standards agencies. For many companies, the national standards made available by the government as well as those made available by private agencies are practical alternatives to standards developed through the company's organization.

Significance for the Administration of the Company. A summary of the argument in the foregoing pages will highlight the significance of national standards for the administration of the company and suggests answers to the policy questions posed at the outset of the article.

Summary. Standards are solutions to repetitive problems, selected by conscious decisions. They are used as models to be followed in directing operations, training personnel, and coordinating operations, and as the basis for comparison in controlling operations. The system of company standards provides a system of objectives and procedures ranging from very general to very detailed ones which guide the operations of the company toward its general profit maximization purpose.

National standards when adopted by the company become company standards and perform exactly the same functions. Company organizational units and national standards agencies, therefore, are alternative mechanisms for making decisions on standards which guide company operations. Which is most efficient is largely determined by the importance of relationships outside the direct control of the company's management.

No decision which results in a company standard is completely within the control of the company's management. All are influenced—but to widely different degrees—by relationships between the company and: (1) its contributors, (2) its competitors, (3) government agencies, and (4) all individuals and organizations which contribute to the common fund of knowledge on which the company must rely. Some combination of these relationships shape the content of every standard because in addition to defining the course of action which leads to profit maximization for the company, the standard must perform one or more of the following functions: (1) to provide incentives for contributors to act in the interests of the company, (2) to define limits imposed by competitors and government agencies on company discretion, and (3) to provide the language for efficient communication so the company may easily (a) draw from the common fund of knowledge, and (b) exchange ideas with its contributors, competitors, government agencies, and the public.

Use National Agency or Company Organization?

Because of the influence of these relationships the question frequently arises as to whether the organization of the company or of a national standards agency provides the most efficient mechanism for deciding on company standards. The choice depends on which operates best to: (1) give due weight to all the relationships which must be considered, (2) obtain agreement on the required degree of inter-organizational uniformity, and (3) mobilize the competence needed to arrive at the most efficient available solution.

There are three classes of situations, one corresponding to each of the foregoing criteria, in which national agencies prove to be more efficient than the company's organization.

In some instances the relationships outside the direct administrative control of the company, in the form of legal or economic pressures, are so important that the company has no effective control over the decision; it must either adopt an external standard or risk going out of business. For example, when government agencies, customers, or suppliers develop standards unilaterally, and are in a position to impose them on the company, the company may have no voice in deciding their content. Such powerfully situated organizations, however, frequently are willing to adopt national standards developed by private or governmental agencies and promulgated for voluntary use rather than develop standards unilaterally. In these instances national standards agencies provide a decision-making mechanism through which the company can obtain a measure of influence it otherwise does not have in determining the content of the standards it later is forced to adopt.

Some Guides For Company Policies

In other instances the relationships outside the full control of management are strong, but not so strong as to preclude the participation of the company in making the decision which results in a company standard. This is the situation with many company standards which define not only company objectives but incentives which motivate contributors—customers and suppliers, for example—to act in the interest of the company, and which are therefore in whole or in part identical in the systems of the company and its contributors. Moreover, the company's competitors typically have similar relationships, defined by similar or the same standards, with these contributors. Because of these interlocking relationships an important core of the company's system of standards becomes in whole or in part identical with corresponding standards in the systems of its customers, suppliers, and competitors. Company decision-making mechanisms alone are frequently incapable of handling the complex relationships and obtaining inter-organizational agreements on such common standards; or where they are capable they are frequently less efficient for the purpose than national agencies.

Even when usable standards can be arrived at through the company's organization the solutions developed by national agencies may be more efficient simply because the national agencies are in a better position than the company to

mobilize the competent personnel and relevant data required to develop the best available solution.

In all situations other than those included in the foregoing three classes company organizations are likely to be more expeditious and less costly mechanisms for developing standards than are national agencies. These are situations (1) in which the relationships outside the full administrative control of the company either are not strong or their importance and character can be accurately assessed by company decision-makers; (2) when the company can effectively obtain the inter-organizational agreements required to establish common standards; and (3) when the company has access to the data and competence needed to develop solutions.

The implications of the foregoing for company policy are reasonably clear and can be stated as answers to the questions posed at the outset of this article.

Do national standards mean dictation by outsiders? The fear expressed by many executives that national standards are undesirable because they mean dictation by outsiders is generally unwarranted. It is a normal characteristic of business that every decision of the company is to some extent influenced by outsiders and in important instances the influence is so strong that it can be called dictation.

Growth of National Standards A Progressive Development

The most objectionable form of "dictation by outsiders" in the eyes of management is usually the imposition of standards by law. Standards are typically imposed by law only after un-regulated decisions by companies have been judged not to work in the public interest. The most effective way of avoiding extensions of mandatory requirement of standards is through industrial self regulation achieved through the general adoption by industry of soundly developed national standards which work in the public interest. This procedure gives the company an opportunity to avoid any undesirable features of mandatory standards. A parallel situation exists when national standards are nominally voluntary but actually enforced on the company by economic rather than legal pressure. When national standards are in fact voluntary. the question of dictation does not arise.

SAM's New Conference Program Director

Dr. Hugh C. Wyland

Newest addition to our National Office staff is Dr. Hugh C. Wyland, formerly program director for the American Management Association's Management Course. Dr. Wyland will be in charge of future SAM Conference Programs, is already at work on the forthcoming Spring Conference.

Dr. Wyland's background is heavy with management experience, includes the job of personnel officer with the Sperry Gyroscope Company, American Aviation Corporation, Revlon Products and Sargent Hardware. He has also been a staff consultant with Industrial Counselors and senior consulting engineer with Ebasco Services, Inc., and Cresap, McCormich and Paget.

The relationships which comprise the company organization extend between the company and thousands of individuals and organizations, and are parts of the relationships of these other organizations. Common decisions must be made, and national standards agencies provide an increasingly important mechanism for making them which supplements and strengthens the company organization. In general, soundly developed national standards work to alleviate the undesirable effects of external control over company decisions.

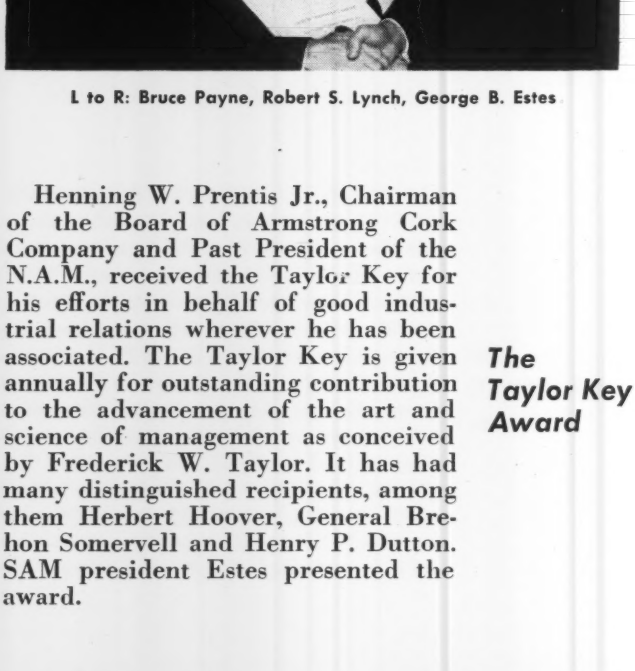
Should the company use national standards? The answer has been given. The company has no practical option but to use national standards when they are dictated by legal or strong economic pressures. In addition it should use them whenever, in comparison with standards developed through the company organization, they offer better chances of maximizing profits. This typically occurs when (1) the interests of other organizations are so strong that agreement on standards cannot effectively be obtained through the company organization, (2) national agencies provide economically more efficient solutions than the company can develop, and (3) the national standards are as efficient as standards developed by the company, but because of their availability can be obtained at lower administrative costs.

Should the company contribute to national standards programs? Soundly developed national standards, applied as parts of the system of company standards, are efficient administrative tools which work toward maximizing profits of the company. Because national standards are generally made available at a nominal cost, it is possible for companies to partake of their benefits without contributing time or money to their development. However, to fail to contribute to the development of standards which are potentially of value to the company, or may be imposed upon it, would seem to be short-sighted policy. The company has an immediate interest in influencing the content of standards which it can profitably use, and it has a longer-run interest in supporting national standards programs which contribute substantially to the progress of science and technology and thus to industrial progress. END

Presentation Of SAM Awards . . .

The SAM Awards for 1953-54, announced in the November issue of ADVANCED MANAGEMENT, were presented to recipients who were present at the 40th Annual SAM Management Conference held October 28th and 29th at the Hotel Statler in New York. Those recipients who could not be present at the Conference have by now received their awards by mail.

News service photographers covered the presentations and we are printing here some of the photographs, which we thought might be of interest to Society members who were unable to attend the conference.



L to R: Bruce Payne, Robert S. Lynch, George B. Estes

The Human Relations Award

Robert S. Lynch, President of Atlantic Steel Company, received the Human Relations Award for his model plan for union-management relationship worked out for his own company. The Human Relations Award was instituted in 1944. Past recipients have been Channing R. Dooley and J. Walter Dietz, Dr. Alexander H. Leighton, Charles P. McCormick, Henry Ford II, Cyrus Ching, General Robert Wood Johnson, Glenn L. Gardiner and Lawrence A. Appley. SAM president George B. Estes presented the award.

The Taylor Key Award

Henning W. Prentis Jr., Chairman of the Board of Armstrong Cork Company and Past President of the N.A.M., received the Taylor Key for his efforts in behalf of good industrial relations wherever he has been associated. The Taylor Key is given annually for outstanding contribution to the advancement of the art and science of management as conceived by Frederick W. Taylor. It has had many distinguished recipients, among them Herbert Hoover, General Brehon Somervell and Henry P. Dutton. SAM president Estes presented the award.

L to R: George B. Estes, Henning W. Prentis Jr., Harold Fisher

L to R: George B. Estes, Robert Vanderkay, H. U. Mumma

The Harrington Emerson Bronze Tablet and Citation

Robert Vanderkay, SAM vice president of Membership, accepted the Harrington Emerson Award for Worcester Chapter, which was First Place winner in the Chapter Performance Awards Plan. Mr. Estes presented the award, which is given annually to that chapter of the Society which has most distinguished itself during the year by its record of activities and contributions to the advancement of the science of management. Mr. Mumma was Chairman of the Performance Awards committee that made the choice.

The Ordway Tead Bell and Gavel and Citation

L to R: Richard Muther, Sam Casey, H. U. Mumma

The Kansas City Chapter, which won the Ordway Tead award, was represented by Sam Casey, the symbolic character whose name spells out S.A.M., K.C., and who was created to personalize the activities of the Kansas City chapter. Sam Casey appears on his chapter's literature and is in attendance at all special occasions to greet honored guests at Kansas City's public affairs. Mr. Mumma presented the award to Sam and Mr. Muther was along to help the little man carry it home.

The President's Award

L to R: H. U. Mumma and Eugene Heeter

Eugene Heeter of the Holland Furnace Company and National Director of SAM Clearing Chapter, accepted The President's Award in behalf of J. W. Kendrick, past president of the Clearing Chapter. This award went to Clearing for its progress from 56th place in 1952-53 to 6th place in 1953-54 in the Chapters Performance Plan. The award goes each year to the chapter making the greatest percentage improvement in chapter standing during the year, as indicated by its standing at the end of the award year compared to its standing at the end of the preceding year. Chairman of the Performance Awards Committee H. U. Mumma presented the Award.

Chapter Performance Banners were awarded to the first ten chapters as determined by the total points earned under the Chapter Performance Awards Plan. During the Conference luncheon at which the 1953-54 Awards were made, announcement of winning banners were made for the following chapters, in the order of their winning rank:

Worcester, Kansas City, Lancaster, Western North Carolina, Trenton, Clearing, Raritan Valley, New Haven, Pittsburg and Nashville.

CHAPTER MEMBERSHIP STANDINGS
November 1, 1954

New York	399	Reading	62
Northern N. J.	384	Wilmington	62
Philadelphia	326	Bridgeport	61
Cincinnati	312	Lehigh Valley	60
Chicago	276	Providence	60
Cleveland	269	Columbus	59
Pittsburgh	246	Hartford	59
Lancaster	229	Central Penn.	58
Detroit	209	Charlotte	58
Boston	206	Alabama	56
Washington	196	Knoxville	55
Milwaukee	156	St. Louis	53
Los Angeles	145	Clearing	51
San Francisco	145	Western Mass.	51
Worcester	142	Calumet	47
Dallas	131	Central N. Y.	46
Western N. C.	110	Greenville	45
Raritan Valley	109	Sacramento	44
Indianapolis	102	New Orleans	41
Hudson Valley	101	Fox Valley	38
Kansas City	100	Twin City	38
New Haven	99	Manchester	37
Baltimore	96	Madison	34
Binghamton	96	Nashville	32
Montreal	89	Portland	31
Greensboro	86	Louisville	30
Dayton	84	Northeast. Penn.	29
Georgia	75	Stamford	20
Richmond	71	Non-Chapter	100
Trenton	70	Non-Resident	80

Chapter Notes . . .

Washington Chapter's Vice President of Membership Robert K. Friedman has appealed to that chapter's members to add to their number by a plan whereby each member gets a new member. . . . Washington's Roundtables are well underway, and one of the chapter's members, Mary Cushing Niles, (recently returned from a trip to India) will head a new roundtable on *The American Manager Abroad*. . . .

New York Chapter presented Father Joseph Corridan at a recent luncheon meeting. The famous waterfront labor priest spoke on the subject "Whither The New York Waterfront Now?"—a topic of vital interest to all businessmen who are affected by the strikes and racketeering that plague New York docks.

In Respectful Memory of
ROBERT B. WOLF

It is with deepest regret that we announce the news of the death of Robert B. Wolf, a recipient of the Society's Frederick W. Taylor Key in 1946.

Mr. Wolf, paper company industrialist and an engineer, died of a heart attack November 11th in New Canaan, Connecticut. He was 77 years old.

New Management Writing . . .

THE PRACTICE OF MANAGEMENT

By Peter F. Drucker. Published by Harper & Brothers. 440 pages. $5.00.

There is so much substance in this book that in reviewing it a constant temptation would be to quote it rather than comment upon it. It stirs the imagination with soaring but believable projections of the demands tomorrow will make on managers. No less challenging are its fresh slants on the mission of management today.

The author's own sharp thoughts on the shape of things that must come in management are coupled in this book quite stimulatingly with ideas of the pioneer thinkers on the subject: Taylor, Fayol, Gantt, the Gilbreths and Hopf. While identifying the dearth of original contributions in recent years to basic ideas and concepts of managing, Peter Drucker simultaneously delivers a piece of work that can very well be regarded as putting an end to this drought.

It should be said here without further delay, therefore, that *The Practice of Management* deserves to be read and reread many times. This latest product of a writer who already has enriched substantially the literature of management is much more than a handbook as it is called by some of its early admirers. This is no such collection of the work of others; nor is it merely an assembly of pages with ready answers for the harassed manager. Actually, the only point of similarity with a handbook is that *The Practice of Management* can be opened to any page at random and there you find something useful. But in place of the data tables or method descriptions, the value found is in the author's own ideas and the ideas of others which he believes worth presenting.

The approaches to better performance that managers can be helped to develop for themselves through the stimulation of this book can find a beginning in deeper understanding of what distinguishes the manager of a business apart from leaders in other fields. As Drucker develops this key to much of the thinking subsequently revealed in later pages, it is the economic aspect of the business that marks the difference of the manager's mission. Economic factors and considerations do not influence nearly to the same extent the performance requirements of the leader in military or academic circles.

But, like all leaders, the manager who would attain the heights must everlastingly practice. Hence the title: *The Practice of Management.* This point is stressed to clearly identify management as a practice rather than a science or a profession. Try to make management scientific or a profession, as some have in the past and others still do, and you risk involvement in such short-lived diversions as Technocracy.

What are the objectives of management? They are seen to be three: (1) to manage the business, (2) to manage managers, and (3) to manage workers and work. Given clarification of what the manager is and what his objectives are, the reader already has ample return for his price of admission to this book. For knowing what a problem is often puts one well on the way to solving it. Similarly, knowledge of what the manager's job is perhaps will put many who hold that job well on the way to doing it better.

One of the most influential new forces affecting the character of the manager's job is automation. A great deal of space is devoted to discussing its significant relationship. Of a similar order in impact on changing the dimensions of managerial outlook is the steadily lengthening time span of bringing a new product idea from the laboratory to the market. Here, again as elsewhere through the book, anecdotes and case studies add much to readability and value.

More immediate in their potential for refreshing the thinking of management are the author's examinations of questions touching intimately the very core-concepts of business managing. For example, the meaning of profit is probed brilliantly and, as in so many other instances throughout this book, a shibboleth is quashed. Thus profit is developed not as the sole goal of enterprise but rather as the result of performance in marketing, innovation and productivity.

The need is shown for managers to question themselves repeatedly with: "What is our business?" Management's failure to raise this question and give it adequate thought is identified as the most important single cause of business failure. Having a right answer to this question, management's goals can be more wisely and sharply established. In accomplishing such goals greater importance is attached to the need for learning to do new things rather than to doing old things better.

Particularly pertinent to this last-mentioned point is the author's observation on the currently much-discussed topic of management development. The need here, as he develops it, is not to provide for a backup man groomed to merely perform eventually the tasks now done by his superior. What's needed is to provide competent successors in management. And that requires an attitude recognizing the need to develop managers who are equal to tomorrow's tasks not yesterday's. In such enlightened development, a key to success is providing all essentials for *self* development.

Now having read *The Practice of Management* this reviewer is more convinced than ever that business management of the kind the author envisions can represent the greatest basic resource available to a company or a country. As Ralph Cordiner, General Electric's President is quoted, ". . . an opportunity exists in General Electric to increase productivity 50% in the next 10 years *through better management alone.*"

SAM Chapter Performance Awards Report

July 1 to Sept. 30, 1954

New Orleans	3807	Dallas	1178
Lancaster	3805	Washington	1158
New Haven	3309	Indianapolis	1155
Philadelphia	2974	Columbus	1118
Nashville	2886	Montreal	1082
Knoxville	2723	Boston	1066
Greenville	2719	W. N. Carolina	1036
Worcester	2705	Portland	1020
Binghamton	2472	Madison	973
Kansas City	2396	W. Mass.	705
Twin City	2370	Wilmington	550
Baltimore	2334	Sacramento	480
Alabama	2286	Los Angeles	424
N. New Jersey	2267	Cen. Penn.	390
New York	2264	San Francisco	326
Lehigh Valley	1968	Detroit	170
Bridgeport	1914	Cen. N. Y.	120
Clearing	1793	Calumet	—
Milwaukee	1730	Charlotte	—
Chicago	1714	Cincinnati	—
N. E. Penn.	1713	Dayton	—
Pittsburgh	1712	Greensboro*	—
Trenton	1650	Hartford*	—
Providence	1540	Louisville	—
Reading	1437	Manchester	—
Fox Valley	1417	St. Louis	—
Hudson Valley	1406	Stamford	—
Richmond	1390		
Georgia	1361		
Raritan Valley	1328		
Cleveland	1194		

* Indicates chapters waiting for committee action.

Peter Drucker's book should help many individuals and companies realize more fully the potentials of such an inviting possibility.

H. E. Blank, Jr., Vice Pres.,
Dunlap & Associates
Stamford, Conn.

THE COMPLEAT STRATEGYST

By J. D. Williams. Published by McGraw-Hill Book Company, New York, N. Y. 234 Pages. $4.75.

An understandable explanation of game theory written in simple terms that will appeal to any reader who can add, subtract, and multiply numbers. Anyone who has browsed through some of the earlier advanced books on game theory will be amazed to find that there is not a single α, β, ϕ or any other Greek letter in the entire book.

The author's introduction moves quickly and humorously through the foundation of game theory. He explains that conflicting interests are to be represented by players. The benefit or income a player gets from his action is called his payoff, and players may follow a pure strategy or a combination of strategies called a mixed strategy.

The game matrix is next. This is a box score of the payoffs each player gets by following each of his potential strategies. After the game matrix is introduced the remainder of the book is devoted to manipulating this matrix to find what grand strategy will be best for each player.

Even if you never master the principles or the techniques of game theory, this book is valuable because it introduces you to game theory jargon such as minimax, maximin, saddle-point, oddment, nonstrict dominance, two by two games, three by three games and non-zero-sum games. While this jargon may not be enough to qualify you as an expert, everyone will agree that command of the language is the basic requirement if not the only requirement for being a "compleat" strategyst.

Like all good primers, this book provides a few answers and conceals endless questions and assumptions. This is desirable since the reader is supposed to get the impression that he has learned something useful when actually he has been led to a blissful state of elevated ignorance.

Even the author is oppressed by his monumental task. He runs away from the expanse of unexplained material by resorting to a final, catch-all chapter called "Miscellany" into which he squeezes a two paragraph explanation of the very promising activity called linear programming.

Reading of the *Compleat Strategyst*, however, is recommended as a strategy with excellent payoff in the game of keeping up with the galloping scientists.

Dale E. Zand

HANDBOOK FOR DISCUSSION LEADERS

A practical manual of Conference Techniques by J. Jeffrey Auer & Henry Lee Eqbank. Published by Harper and Brothers. 153 pages. $2.50.

Here is a step-by-step procedure for planning, organizing, and leading group discussions. Written in simple terms, this book will be helpful to the inexperienced discussion leader and useful to the perennial chairman as a compact review of fundamental principles. Discussion is described as a planned, relatively informal meeting at which people join in purposeful talk about a topic of mutual interest under the guidance of a leader.

From this humble beginning the book ranges through analyzing the group, choosing and phrasing the topic, selecting the participants, the role of the leader, and evaluating the discussion. The pages jump with disarming insights that too frequently slip by old committee hands. Talking about what discussion cannot accomplish, for example, the authors say (1) it is a slow process, and (2) it seldom provides orderly analysis.

Under evaluating discussions, the authors suggest that discussion may not settle anything. Indeed, the aim is sometimes to unsettle people so they will do something. Remember that the next time you angrily dash from a committee meeting. Did it stimulate you to act?

Handbook for Discussion Leaders is a first-rate guide full of ideas for people who like to work with discussion groups.

END.

CIPM Reports . . .

Marketing Prejudices In Belgium

An article in the monthly periodical published by the Belgian Committee of Scientific Management (CNBOS), a member of CIOS, by M. Etienne de Brabandère, secretary of the Federation of Belgian Textile Industries, lists six prejudices about marketing and sales which hamstring production efforts of Belgian manufacturing. Following is a greatly condensed version of his listing of the prejudices and his comments:

1. *Only exports really count . . .* There has been so much talk of "Export or die" that we have lost sight of the importance of domestic markets. If the Belgians do not know how to sell at home neither will they be able to sell abroad.

2. *Nothing can be done so long as there is no mass market (in Belgium)*: It is true that America has an advantage over us in the size of her market, but she also has gone beyond this natural advantage by the development of man-made selling techniques.

3. *The European consumer is too individualistic to be satisfied with standardized goods . . .* The Belgian consumer has proved that he reacts to advertising much the same as his American counterpart.

4. *Sales, a profession for the second-rate man . . .* It can be said that the Belgian businessman tends to place his least gifted son in the position of director of sales, whereas in the United States they recognize that the expert salesman is one of the rarest of men.

5. *Sales is not the concern of the manufacturer . . .* A very grave prejudice rampant in industry is that sales is solely the concern of the distributor. Yet, producer and distributor are both involved in the same problems: The retailer cannot sell a poorly made product and the manufacturer cannot produce an article which the retailer is unable to sell.

6. *Manufacturing of consumer goods is second-class manufacturing . . .* When we speak of industry we think too often of heavy industry. We forget that the textile industry, for example, ranks first among the dollar-earning industries of Belgium.

The Council For International Progress in Management, formerly the National Management Council, is a non-profit, non-political organization devoted to the promotion of the practice of scientific management on the international level. SAM is a charter member of CIPM.

DECEMBER CHAPTER ACTIVITIES

CHAPTER	SUBJECTS	SPEAKER	TITLE	PLACE	DATE
Alabama	Features of New Revenue Code With Which Management Should Be Familiar	Taylor H. Seeber	Resident Partner, Ernst & Ernst	Tutwiler Hotel	16
Baltimore	The Effects of Union Policy on Business	Dr. Leo Wolman	Prof. of Economics, Columbia U.	Stafford Hotel	7
	Industrial Engineering, A Training Ground For Foremen			Baltimore Works, Armco Steel Corp.	15
Binghamton	Ladies Night Program			Hotel Arlington	8
Bridgeport	What Management Expects From Production Control	Harold Kneen	President, Safety Car Heating and Lighting Co.		7
Cincinnati	Effective Incentives	John T. Bourke	A. T. Kearney & Co.	Marie Antoinette Ballroom, Hotel Alms	2
Clearing	Harvard Case Study	J. M. Duffy, Chairman		Clearing Industrial Club	2
	Harvard Case Study	J. M. Duffy, Chairman		Clearing Industrial Club	16
	Controllers and Cost Accountants	E. A. Gustafson, Chairman		Clearing Industrial Club	21
Cleveland	The Humanics of Work Simplification or Work Smarter—Not Harder	A. H. Mogensen	Director, Ind. Consultant	Hotel Allerton	6
Columbus	Union-Management Panel			Hotel Fort Hayes	16
Dayton	Human Relations and Incentives	D. J. Hobbs, Chairman			28
Georgia	Alabama Exchange Meeting	Hugh Comer			15
Greensboro	Community Relations	Fred Rudge	Fred Rudge Assoc.		7
	Harvard Case Studies				14
Greenville	Effective Personality Testing	Dr. D. J. Moffie	Prof. of Psychology, N. C. State College	Hotel Greenville	8
Hudson Valley	Cost Reduction Case Histories	Robert G. Parker, Chairman		Hendrick Hudson Hotel, Troy, N. Y.	7
Indianapolis	Executive Development Conference			Marott Hotel	2
Kansas City	Material Handling Conference & Exhibition			Municipal Auditorium	9-10
Knoxville	Management's Responsibility to the Free Enterprise System	E. S. Dillard	Pres., Old Dominion Box Co.	Holston Hills Country Club	14
	Plant Visitation			East Tennessee Packing Company	16
Lancaster	What Can Labor Do For Management	Dr. William Gomberg	Dir. of Prod. Engr., International Ladies Garment Workers Union	Hotel Brunswick	14
Lehigh Valley	Managements Pitfalls in Arbitration	G. Alan Dash, Jr.	Impartial Arbitrator		14
Madison	Reading Rapidity Programs —Pro's and Con's	Dr. William J. Pinard			1
Milwaukee	Past Presidents Night			E.S.M. Building, 3112 W. Highland Ave.	9
Montreal	Management Procedures to Reduce Office Costs	R. C. Ludlow	Treas., R.C.A. Victor Co. Ltd.	Ritz-Carlton Hotel	12
Nashville	Economic Forecast for 1955	David Stein	Vanderbilt University		9
New York	Cost Reduction—1955 Model	H. B. Maynard	Pres., Methods Engineering Council	Hotel Shelton	16
Northeastern Pa.	Harvard Case Study				6
Northern N. J.	The Atom's Future in Industry	J. Carlton Ward, Jr.	Vitro Corp. of America	Essex House, Newark	9
Philadelphia	Engineering Contribution to Increased Productivity	George M. Muschamp	Minneapolis Honeywell	Poor Richard Club	7
	Accumulation of Statistical Manufacturing Data			Atlantic Refining Co.	14
Pittsburgh	Annual Christmas Party			Gateway Plaza	16
Providence	Highlights of the New Tax Law	J. Cyril La Tulippe		Johnson's Hummocks	3
Raritan Valley	Plant Visitation—The Manufacture of Color Television	G. C. Larson	Mgr., Engineering Radio and Television	Westinghouse Electric, Metuchen, N. J.	8
Reading	To Be Announced			Iris Club, Wyomissing	13
Trenton	Do You Really Know What Your Employees Think	J. H. Vail	Asst. Dir., Ind. Rel., American Steel & Wire Div., U. S. Steel Corp.	Hotel Hildebrecht	14
Washington				Willard Hotel	16
Wilmington	Scientific Management in the Home	Dr. Lillian M. Gilbreth	Author, Lecturer and Consultant		14
Worcester	The Spirit of the Team	Levon M. Yacubian	Pres., Barre Wool Combing Co.	Worcester Airport	13

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